



aeso

AESO HOLDING LIMITED
艾碩控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8341)



INTERIM REPORT 2018

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FINANCIAL HIGHLIGHTS

For the six months ended 30 September 2018 (the “**Period**”):

- Revenue of the Group was approximately HK\$54.0 million, representing an increase by approximately 1.5% as compared to the corresponding period in 2017.
- Loss attributable to owners of the Company was approximately HK\$5.3 million (2017: loss of approximately HK\$14.3 million).
- The Board of directors do not recommend the payment of dividend for the Period.
- Loss per share of the Company was approximately HK\$2.63 cents (2017: loss per share of approximately HK\$7.13 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 2017, as follows:

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

For the three months and six months ended 30 September 2018

	Notes	Three months ended 30 September		Six months ended 30 September	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Revenue	4	31,899	24,556	53,975	53,163
Cost of sales		(28,459)	(24,543)	(48,909)	(52,122)
Gross profit		3,440	13	5,066	1,041
Other income	5	–	–	–	13
Administrative expenses		(4,712)	(5,186)	(8,359)	(15,204)
Finance costs	6	(990)	(27)	(1,970)	(105)
Loss before taxation	7	(2,262)	(5,200)	(5,263)	(14,255)
Taxation	8	–	–	–	–
Loss and total comprehensive expense for the period		(2,262)	(5,200)	(5,263)	(14,255)
Loss per share, attribute to equity holders of the Company					
Basic and diluted (HK cents)	10	(1.13)	(2.60)	(2.63)	(7.13)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 September 2018

	Notes	As at 30 September 2018 HK\$'000 (unaudited)	As at 31 March 2018 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		2,022	2,675
Rental deposits	11	–	591
		2,022	3,266
Current assets			
Amounts due from customers for contract works		–	6,218
Account and other receivables	11	13,042	25,376
Contract assets		19,863	–
Tax recoverable		3,432	3,432
Pledged bank deposits		28,798	33,874
Bank balances and cash		13,067	514
		78,202	69,414
Current liabilities			
Amounts due to customers for contract works		–	1,467
Account and other payables	12	7,785	15,956
Contract liabilities		25,748	–
Bank overdrafts		–	564
Other borrowings		36,982	36,982
Obligations under finance leases		179	176
		70,694	55,145
Net current assets		7,508	14,269
Total assets less current liabilities		9,530	17,535

	Notes	As at 30 September 2018 HK\$'000 (unaudited)	As at 31 March 2018 HK\$'000 (audited)
Non-current liabilities			
Obligations under finance leases		192	282
Deferred tax liabilities		57	57
		249	339
Net assets		9,281	17,196
Capital and reserves			
Share capital		15,600	15,600
Reserves		(6,319)	1,596
Total equity		9,281	17,196

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 31 March 2018 (audited)	15,600	40,201	1,000	(39,605)	17,196
Adoption of HKFRS 9 (note)	-	-	-	(2,652)	(2,652)
At 1 April 2018 (audited)	15,600	40,201	1,000	(42,257)	14,544
Loss and total comprehensive expense for the Period	-	-	-	(5,263)	(5,263)
As at 30 September 2018 (unaudited)	15,600	40,201	1,000	(47,520)	9,281
At 1 April 2017 (audited)	15,600	40,201	1,000	(4,360)	52,441
Loss and total comprehensive expense for the Period	-	-	-	(14,255)	(14,255)
As at 30 September 2017 (unaudited)	15,600	40,201	1,000	(18,615)	38,186

Note: Upon the adoption of HKFRS 9 "Financial Instrument" on 1 April 2018, the impact of HK\$2,652,000 was recorded as an adjustment to the accumulated losses as at 1 April 2018, which represented the allowance for expected credit losses. Details of the adjustment are set out in note 3.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Net cash generated from/(used in) operating activities	10,108	(22,858)
Net cash generated from investing activities	5,066	16,354
Net cash (used in)/generated from financing activities	(2,057)	34,971
Net increase in cash and cash equivalents	13,117	28,467
Cash and cash equivalents, at 1 April	(50)	10,577
Cash and cash equivalents, at 30 September	13,067	39,044
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	13,067	39,044

1. CORPORATE INFORMATION

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

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

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

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2018 are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2018 (the "**Interim Financial Statements**") have been prepared in accordance with the Hong Kong Accounting Standards ("**HKAS**") 34 "Interim Financial Reporting", other relevant Hong Kong Accounting Standards, Interpretations and the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the disclosure requirements of the GEM Listing Rules.

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Statements has been prepared in accordance with same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 31 March 2018. 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. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amendments to HKFRS that are mandatorily effective for the current year

In the current year, the Group has applied for the first time, the following new and revised standards, amendments and interpretations (“**new and revised HKFRSs**”) issued by Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which are effective for the Group’s financial year beginning from 1 April 2018. A summary of the new and revised HKFRSs applied by the Group is set out as follows:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The above new HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

Impact on the consolidated financial statements

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the application of new HKFRSs have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below:

Consolidated statement of financial position (extract)	31 March	HKFRS 15	HKFRS 9	1 April
	2018			2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(As reported)			(Restated)
Current assets				
Contract assets	–	13,740	(279)	13,461
Amounts due from customers for contract works	6,218	(6,218)	–	–
Account and other receivables	25,376	(7,522)	(2,373)	15,481
Current liabilities				
Account and other payables	15,956	(6,664)	–	9,292
Amounts due to customers for contract works	1,467	(1,467)	–	–
Contract liabilities	–	8,131	–	8,131
Net assets	17,196	–	(2,652)	14,544
Capital and reserves				
Reserves	1,596	–	(2,652)	(1,056)
Total equity	17,196	–	(2,652)	14,544

HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduce new requirements for (1) the classification and measurement of financial assets and financial liabilities and (2) expected credit losses (“**ECL**”) for financial assets and contract assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

Under the transition methods chosen, the Group recognises the cumulative effect of the initial application of HKFRS 9 as an adjustment to the opening balance of equity at 1 April 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been affected by HKFRS 9.

(i) **Classification and measurement**

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and contract assets subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Amount under amortised cost (previously classified as loans and receivables) HK\$'000	Amounts due from customers for contract works HK\$'000	Contract assets HK\$'000	Amounts due to customers for contract works HK\$'000	Contract liabilities HK\$'000	Accumulated losses HK\$'000	Account and other payables HK\$'000
Closing balance as at 31 March 2018 – HKAS 39	25,376	6,218	-	1,467	-	(39,605)	15,956
Effect arising from initial application of HKFRS 15	(7,522)	(6,218)	13,740	(1,467)	8,131	-	(6,664)
Effect arising from initial application of HKFRS 9: Remeasurement – Impairment under ECL	(2,373)	-	(279)	-	-	(2,652)	-
Opening balance at 1 April 2018	15,481	-	13,461	-	8,131	(42,257)	9,292

Classification and measurement of financial assets and financial liabilities at amortised cost

Account receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognized financial assets and financial liabilities that are within the scope of HKFRS 9 are subsequently measured at amortised cost.

(ii) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all account receivables and contract assets. Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including pledged bank deposits, other receivables and bank balances and cash are assessed on 12-month ECL (“**12m ECL**”) basis as there had been no significant increase in credit risk since initial recognition.

Other financial assets measured at amortised cost

ECL for other financial assets at amortised cost, including other receivables and bank balances and cash are assessed on 12-month ECL (“**12m ECL**”) basis as there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group’s existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

All loss allowances including account receivables and contract assets at amortised cost as at 31 March 2018 reconciled to the opening loss allowances as at 1 April 2018 are as follows:

	Contract assets	Account receivables	Total
	HK\$’000	HK\$’000	HK\$’000
At 31 March 2018 – HKAS 39	941	2,450	3,391
Amounts remeasured through opening Accumulated losses	279	2,373	2,652
At 1 April 2018 – HKFRS 9	1,220	4,823	6,043

The reserve movement as at 31 March 2018 reconciled to the opening balances as at 1 April 2018 are as follows:

	Accumulated losses HK\$'000
Balance as at 31 March 2018, as originally presented	(39,605)
Remeasurement under HKFRS 9	
Increase in provision for	
– account receivables	(2,373)
– contract assets	(279)
<hr/>	
At 1 April 2018, as restated	(42,257)

HKFRS 15 Revenue from Contracts with Customers and the related Amendments

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 “Revenue” and HKAS 11 “Construction Contracts” and the related interpretations.

The Group recognises revenue from the fitting out projects and renovation projects with customers.

Information about the Group’s performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in note 4.

Summary of effects arising from initial application of HKFRS 15

The following table summarises the impacts of transition to HKFRS 15 on the consolidated statement of financial position at 1 April 2018.

Line items that were not affected by the changes have not been included.

	HKAS 18 carry amount at 31 March 2018 HK\$'000	Reclassification HK\$'000	HKFRS 15 carrying amount at 1 April 2018 HK\$'000
Current assets			
Account and other receivables	25,376	(7,522)	17,854
Amounts due from customers for contract works	6,218	(6,218)	–
Contract assets	–	13,740	13,740
Current liabilities			
Account and other payables	15,956	(6,664)	9,292
Amounts due to customers for contract works	1,467	(1,467)	–
Contract liabilities	–	8,131	8,131

(i) *Presentation of assets and liabilities related to contracts with customers*

The Group has also changed the presentation of the following amounts in the Interim Financial Statements to reflect the terminology of HKFRS 15:

- In relation to construction contracts previously accounted under HKAS 11, the Group continues to apply input method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. HK\$6,218,000, HK\$1,467,000, HK\$7,522,000 and HK\$6,664,000 of amounts due from/to customers for contract work and retention receivables/payables were reclassified to contract assets and contract liabilities respectively.
- These amounts are presented before adjustments of HKFRS 9.

(ii) Timing of revenue recognition

As a result of the changes in the Group's accounting policies, as explained below, except for the reclassification of the contract assets/contract liabilities from trade and retention sum receivables and amounts due from/to customers for contract works, HKFRS 15 was generally adopted without restating any other comparative information. The adoption of HKFRS 15 in the current period does not result in any impact on the amounts reported in the Interim Financial Statements and/or disclosures set out in the Interim Financial Statements except that, the Group has adopted the following accounting policies on revenues with effect from 1 April 2018.

The following tables summarise the impacts of applying HKFRS 15 on the Group's Interim Financial Statements of cash flows for the current period for each of the line items affected. There is no impact on the consolidated statement of profit or loss and other comprehensive income for the current period. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	Carrying amounts as report	Adjustments	Carrying amounts without application of HKFRS 15
	HK\$'000	HK\$'000	HK\$'000
Current assets			
Account and other receivables	15,051	8,227	23,278
Amounts due from customers for contract works	–	9,115	9,115
Contract assets	17,342	(17,342)	–
Current liabilities			
Account and other payables	27,223	7,869	35,092
Amounts due to customers for contract works	–	801	801
Contract liabilities	8,670	(8,670)	–

Impact on the consolidated statement of cash flows

	Carrying amounts as report HK\$'000	Adjustments HK\$'000	Carrying amounts without application of HKFRS 15 HK\$'000
Cash flows from operating activities			
Increase in amounts due from customers for contract works	–	(2,897)	(2,897)
Decrease in account and other receivables	2,612	(869)	1,743
Increase in contract assets	(3,766)	3,766	–
Current liabilities			
Increase in account and other payables	17,931	1,205	19,136
Decrease in amounts due to customers for contract works	–	(666)	(666)
Increase in contract liabilities	539	(539)	–

4. REVENUE SEGMENT INFORMATION

The Group's reportable and operating segments under HKFRS 8 "Operating Segments" are as follows:

(i) Fitting-out work for new projects ("Fitting-out Projects")

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

(ii) Renovation work and alteration and addition work for old projects ("Renovation Projects")

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

The following is analysis of the Group's revenue and result by operating and reportable segments:

For the three months ended 30 September 2018

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

For the three months ended 30 September 2017

	Fitting out projects HK\$'000	Renovation projects HK\$'000	Total HK\$'000
Revenue			
Segment revenue	18,468	6,088	24,556
Segment (loss)/profit	(3,299)	3,312	13
Unallocated income			-
Unallocated expenses			(5,213)
Loss before taxation			(5,200)

For the six months ended 30 September 2018

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

For the six months ended 30 September 2017

	Fitting out projects HK\$'000	Renovation projects HK\$'000	Total HK\$'000
Revenue			
Segment revenue	38,137	15,026	53,163
Segment (loss)/profit	(2,447)	3,488	1,041
Unallocated income			13
Unallocated expenses			(15,309)
Loss before taxation			(14,255)

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

Geographical information

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

Information about major customers

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

		Three months ended 30 September		Six months ended 30 September	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Customer 1	Renovation Projects	NA	- ¹	NA	8,441
Customer 2	Fitting-out Projects	- ¹	17,618	- ¹	31,185
Customer 3	Fitting-out Projects	- ¹	- ¹	- ¹	6,897
Customer 4	Fitting-out Projects	14,736	NA	31,934	NA
Customer 5	Renovation Projects	8,561	NA	8,561	NA

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

5. OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Bank interest income	-	-	-	4
Sundry income	-	-	-	9
	-	-	-	13

6. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Interest on:				
Bank borrowings	-	12	-	49
Bank overdrafts	-	-	-	18
Other borrowings	987	-	1,964	-
Finance leases	3	15	6	24
Advances drawn on account receivables factored with recourse	-	-	-	14
	990	27	1,970	105

7. LOSS BEFORE TAXATION

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Loss before taxation has been arrived at after charging:				
Directors' emolument	935	995	1,878	1,919
Other staff costs:				
Salaries and other allowances	3,559	3,264	6,311	7,672
Retirement benefit scheme contributions	123	123	200	251
Total staff costs	4,617	4,382	8,389	9,842
Less: amounts included in cost of services	(2,167)	(2,119)	(3,918)	(4,271)
	2,450	2,263	4,471	5,571
Auditors' remuneration	150	125	300	250
Depreciation of property, plant and equipment	329	334	658	689
Minimum operating lease rentals in respect of rental premises	562	560	1,123	1,115

8. TAXATION

No provision for Hong Kong Profit Tax has been made as the Group had no assessable profit during the six months and three months ended 30 September 2018 and 2017.

9. DIVIDENDS

The Board of directors do not recommend a payment of a dividend for the Period (2017: Nil).

10. LOSS PER SHARE

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Loss:				
Loss for the purpose of calculating basic loss per share	(2,262)	(5,200)	(5,263)	(14,255)
Number of shares:				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	200,000,000	200,000,000	200,000,000	200,000,000

Diluted loss per share and basic loss per share are the same for the three months and six months 30 September 2018 and 2017 as there were no potential ordinary shares in issue for the three months and six months ended 30 September 2018 and 2017.

11. ACCOUNT AND OTHER RECEIVABLES

	As at 30 September 2018 HK\$'000 (unaudited)	As at 31 March 2018 HK\$'000 (audited)
Account receivables	13,965	15,903
Less: allowance for doubtful debts	(4,823)	(2,450)
	9,142	13,453
Retention receivables	–	8,463
Less: allowance for doubtful debts	–	(941)
	–	7,522
	9,142	20,975
Other receivables, deposits and prepayments		
– Project deposits paid to sub-contractors	3,079	3,994
– Rental and utility deposits	623	623
– Prepayment	142	279
– Other receivables	56	96
	3,900	4,992
Total accounts and other receivables	13,042	25,967
Less: Receivables within twelve months shown under current assets	(13,042)	(25,376)
Rental deposits shown under non-current assets	–	591

Aging of account receivables and other receivables

	As at 30 September 2018 HK\$'000 (unaudited)	As at 31 March 2018 HK\$'000 (audited)
within 30 days	9,142	8,575
31 to 60 days	–	–
61 to 120 days	–	–
121 to 365 days	–	128
Over 365 days	–	4,750
	9,142	13,453

12. ACCOUNT AND OTHER PAYABLES

	As at 30 September 2018 HK\$'000 (unaudited)	As at 31 March 2018 HK\$'000 (audited)
Account payables	658	1,871
Retention payables	–	6,664
Accruals	6,965	5,492
Advances from customers	162	–
Other payables	–	1,929
	7,785	15,956

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 2018 HK\$'000 (unaudited)	As at 31 March 2018 HK\$'000 (audited)
0 to 30 days	658	1,762
31 to 60 days	–	–
61 to 90 days	–	109
Over 90 days	–	–
	658	1,871

13. LITIGATION

Winding-up Proceedings

On 12 July 2017, a controlling shareholders of the Company, Acropolis Limited, which wholly-owned by Mr. Chan Siu Chung (“**Mr. Chan**”), filed a Petition (the “**Petition**”) in the action HCCW 218/2017 against, amongst other respondents, the Company, another controlling shareholders, W&Q Investment Limited and Mr. Liu Chang Kien (the “**Action**”).

Pursuant to an order (the “**Order**”) of the Court of First Instance of the High Court of the Hong Kong Special Administrative Region dated 31 May 2018 under the Action, the representatives of SHINEWING Specialist Advisory Services Limited have been appointed as provisional liquidators of the Company with effect from the date of the Order.

The provisional liquidators have made the application to the High Court of Hong Kong (the “**Court**”) and have obtained approval from the Court on 10 September 2018 on the following:

- (i) To carry on the existing business of the Group, including to submit tenders and enter into contracts for new fitting out and renovation projects;
- (ii) To carry on correspondence with regulators and take all such steps necessary to comply with the regulatory obligations of the Group, including compliance with the resumption conditions set out by the Hong Kong Exchanges and Clearing Limited.

On 13 March 2019, Acropolis Limited, Mr. Chan, W&Q Investment Limited and Mr. Liu Chang Kien (collectively referred to herein as “**the Parties**”) have agreed on a settlement term sheet for the settlement of all the relevant actions between the Parties. The consent summons to dismiss the Petition was duly signed and filed with the court subsequently.

On 29 April 2019, the Court ordered that the Petition in the winding-up proceedings HCCW 218/2017 be dismissed by the consent of the parties. The joint and several provisional liquidators of the Company appointed pursuant to the Order be released.

For further details of the abovementioned litigation, please refer to the announcements of the Company dated 6 February 2018, 27 August 2018, 1 November 2018, 13 March 2019, 28 March 2019, 12 April 2019 and 29 April 2019.

MANAGEMENT DISCUSS AND ANALYSIS

Business Review

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

During the six months ended 30 September 2018, the Company submitted tenders amounting to approximately HK\$699.3 million and 6 projects were awarded amounting to approximately HK\$18.7 million, which include Renovation Projects for restaurants at Tsim Sha Tsui, Wan Chai and Causeway Bay with contract sum of approximately HK\$11.4 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.

Financial Review

Revenue

The Group's overall revenue increased from approximately HK\$53.2 million for the six months ended 30 September 2017 to approximately HK\$54.0 million for the six months ended 30 September 2018, representing an increase of approximately 1.5%.

The revenue for the Fitting-out Projects for the six months ended 30 September 2018 was approximately HK\$37.2 million, represented a decrease of approximately 2.5% from approximately HK\$38.1 million for the same period in 2017.

The revenue for the Renovation Projects for the six months ended 30 September 2018 was approximately HK\$16.8 million, represented an increase of approximately 11.7% from approximately HK\$15.0 million for the same period in 2017.

Cost of Services

The Group's direct cost decreased from approximately HK\$52.2 million for the six months ended 30 September 2017 to approximately HK\$48.9 million for the six months ended 30 September 2018, representing a decrease of approximately 6.2%. The decrease was not in line with the increase in revenue during the period as foreseeable losses of some projects was recognized in last year.

Gross Loss/Profit

The gross profit amounted to approximately HK\$5.1 million and approximately HK\$1.0 million for the six months ended 30 September 2018 and 2017 respectively, representing an increase of approximately 386.6%.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK\$15.2 million and approximately HK\$8.4 million for the six months ended 30 September 2017 and 2018 respectively, representing a decrease of approximately 45.0%. Such decrease was primarily due to the decrease of professional fee incurred in relation to the shareholders' disputes during the six months ended 30 September 2018.

Loss attributable to the owners of the Company

As a result of the aforesaid, the loss attributable to the owners of the Company was approximately HK\$5.3 million and approximately HK\$14.3 million for the six months ended 30 September 2018 and 2017 respectively.

Prospect and Outlook

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

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

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

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 2018, the Group had net current assets of approximately HK\$7.5 million (31 March 2018: HK\$14.3 million), bank balances and cash of approximately HK\$13.1 million (31 March 2018: HK\$0.5 million) and pledged bank deposit of approximately HK\$28.8 million (31 March 2018: HK\$33.9 million).

The gearing ratio of the Group as at 30 September 2018 was approximately 4.0 times (31 March 2018: approximately 2.21 times), which was high as the Group suffered from the loss and decrease in total equity during the period ended 30 September 2018. The gearing ratio is calculated as total borrowings divided by total equity as at the respective periods.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Pledge of Assets

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

Capital Commitments

As at 30 September 2018, the Group did not have any capital commitment.

Capital Structure

There has been no change in capital structure of the Company since 31 March 2018.

Significant Investments

As at 30 September 2018, there was no significant investment held by the Group (31 March 2018: Nil).

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

The Group did not have any acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 September 2018. Save as disclosed in the paragraphs "Comparison of Business Objectives and Actual Business Progress" of this report, the Group did not have other plans for acquisitions or capital assets.

Foreign Exchange Exposure

The Group's business operations were conducted in Hong Kong and the transactions, monetary assets and liabilities of the Group were denominated in Hong Kong dollars and United States dollars. As at 30 September 2018, 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 2018, the Group had 33 employees. The remuneration policy of the employees of the Group was set up by the Board on the basis of their experience, qualifications and competence. Other employees' benefits include contributions to statutory mandatory provident funds, and housing allowance to its employees in Hong Kong.

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

Comparison of Business Objectives and Actual Business Progress

An analysis comparing the business objectives set out in the prospectus of the Company dated 30 December 2016 (the "**Prospectus**") with the Group's actual business progress for the period from 13 January 2017 (the "**Listing Date**") to 30 September 2018 is set out below:

Business objectives up to 30 September 2018

Further developing
the Group's
contracting business

Actual Business Progress up to 30 September 2018

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

**Business objectives
up to 30 September
2018**

**Actual Business Progress
up to 30 September 2018**

Acquisition of premises in Hong Kong	The company originally intends to acquire a new premises located in Wong Chuk Hang in Hong Kong but such plans was delayed as a consequence of the shareholders' disputes and the deposit paid amounting to approximately HK\$0.8 million was forfeited. The Company is still exploring suitable premises with favourable offer for the use as showroom/warehouse with the view of maximizing the shareholders interest
Expansion of the Hong Kong office	Maintaining the office located at 18/F., The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong
Decoration of the Hong Kong office	Fitted out the office located at 18/F., The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong and purchased new office equipment
Purchase of motor vehicles	Three motor vehicles were purchased for materials and transportation of staff
Further strengthening the Group's in-house team	A Marketing Manager was newly recruited from 20 January 2017

Use of Proceeds Obtained from the Placing

The net proceeds from the Placing, after deducting listing related expenses, were approximately HK\$40.6 million, which was different from the estimated net proceeds of approximately HK\$41.6 million. The Group intends to adjust the use of net proceeds in the same manner and in the same proportion as shown in the Prospectus. An analysis of the utilisation of the net proceeds from the Listing Date up to 30 September 2018 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	Adjusted use of net proceeds in the same manner and in the same proportion from the Listing Date up to 30 September 2018 HK\$ million	Actual use of net proceeds from the Listing Date up to 30 September 2018 HK\$ million
Further developing the Group's contracting business	22.8	22.8	22.8
Acquisition of premises in Hong Kong	5.7	5.7	0.8
Expansion of the Hong Kong office	1.7	1.7	1.7
Decoration of the Hong Kong office	1.9	1.9	1.9
Purchase of motor vehicles	1.2	1.2	1.2
Further strengthening the Group's in-house team	3.2	3.2	3.2
General working capital	4.1	4.1	4.1
Total	40.6	40.6	35.7

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

As at 30 September 2018, 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 2018
Chan Siu Chung	Beneficial owner	76,500,000	38%

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

Save as disclosed above, none of the Directors of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or its associated corporation as at 30 September 2018.

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

As at 30 September 2018, so far as are known to any Directors of the Company, the following parties (other than the Directors or chief executive of the Company) had interests in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to section 336 of the SFO:

Name	Capacity	Number of ordinary Shares held	Approximate percentage of the issued share capital of the Company as at 30 September 2018
W & Q Investment Limited	Beneficial owner	73,500,000	37%
Liu Chang Kien	Interest in the controlled corporation	73,500,000	37%

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

Save as disclosed above, as at 30 September 2018, the Directors were not aware of any other person (other than a Director) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

Shareholders' Disputes

On 12 July 2017, a controlling shareholder of the Company, Acropolis Limited, which wholly-owned by Mr. Chan Siu Chung ("**Mr. Chan**"), filed a Petition (the "**Petition**") in the action HCCW 218/2017 against, amongst other respondents, the Company, another controlling shareholders, W&Q Investment Limited and Mr. Liu Chang Kien (the "**Action**"). Pursuant to an order (the "**Order**") of the Court of First Instance of the High Court of the Hong Kong Special Administrative Region dated 31 May 2018 under the Action, the joint and several provisional liquidators of the Company have been appointed with effect from the date of the Order.

On 27 March 2019, Acropolis Limited, Mr. Chan, W&Q Investment Limited and Mr. Liu Chang Kien (collectively referred to herein as "**the Parties**") reached a settlement agreement to the best interest of the Company. Finally, these shareholders' disputes was settled on 27 March 2019. As at 29 April 2019, the Court ordered that the Petition be dismissed by the consent of the parties as well as the joint and several provisional liquidators of the Company appointed pursuant to the Order be released.

SHARE OPTION SCHEME

There was no share option scheme adopted by the Company at the date of this report.

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 2018 were Mr. Chan Siu Chung, Ms. Zhang Qi, Mr. Law Wing Kit, Mr. To Man Choy, Jacky, Mr. Ko Kwok Fai, Dennis, and Ms. Tsang Kwok Shan, Sandy. The Company has made specific enquiries of which Mr. Chan Siu Chung has confirmed that he has complied with the required standards of dealings set out in the GEM Listing Rules during the six months ended 30 September 2018. Since the former Directors (Ms. Zhang Qi, Mr. Law Wing Kit, Mr. To Man Choy, Jacky, Mr. Ko Kwok Fai, Dennis and Ms. Tsang Kwok Shan, Sandy) were resigned or removed before the date of this report, the current Board cannot confirm whether they had complied with the required standards of dealings set out in the GEM Listing Rules during the six months ended 30 September 2018.

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 2018.

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 2018.

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 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER THE REPORTING PERIOD

Please refer to the paragraphs headed "Shareholders' Disputes" in this report in relation to the events 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 six months ended 30 September 2018, the Company has complied with the code provisions in the Corporate Governance Code ("**CG Code**") set out in Appendix 15 to the GEM Listing Rules except for the following deviations:

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

Under provision A.2.1 of the CG Code, the role of the Chairman and the Chief Executive Officer should be performed by separate individuals. Mr. Chan Siu Chung is the Chairman who provides leadership for the Board. According to Provisions A.2.2 and A.2.3 of the CG Code, Mr. Chan Siu Chung as the Chairman ensures that all directors are properly briefed on 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.

Provision A.2.7 of the CG Code

Provision A.2.7 of the CG Code requires the chairman of the Board to hold meetings at least annually with the independent non-executive Directors without the executive Directors present. During the six months ended 30 September 2018, the Chairman did not hold meeting with the independent non-executive Directors without the executive Directors present. The Chairman confirms that he will hold annual meeting with the independent non-executive Directors annually in the absence of the executive Directors.

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

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

Provisions E.1.2 and E.1.3 of the CG Code

Provisions E.1.2 and E.1.3 of the CG Code set out the requirements on a company in relation to effective communication with shareholders by annual general meeting. During the six months ended 30 September 2018, the Company did not hold annual general meeting. An annual general meeting of the Company for the year 2019 will be arranged in due course in accordance with relevant requirements under Provisions E.1.2 and E.1.3 of the CG Code.

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 2018.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in the shares of the Company on the Stock Exchange has been suspended at the direction of the Stock Exchange since 12 June 2017. On 22 September 2017, the Company received a letter from the Stock Exchange, in which the Stock Exchange stated the following conditions for the resumption of trading in the shares of the Company (the "**Resumption Conditions**"):

- (1) Demonstrate to have a valid board of directors in accordance with the Company's articles of association;
- (2) Address the allegation about the lack of an open market in the Company's shares required under Rule 11.23(7) of the GEM Listing Rules;

- (3) Publish all outstanding financial results as required under the GEM Listing Rules and address any audit qualifications;
- (4) Inform the market of all material information relating to the Company; and
- (5) Have the winding-up petitions against the Company withdrawn or dismissed and provisional liquidators discharged.

To the best knowledge of the Board, (i) the Company has a valid board of directors in accordance with the Company's articles of association; and (ii) the winding-up petitions against the Company was withdrawn and the provisional liquidators was discharged. Therefore, Resumption Conditions (1) and (5) have been satisfied. The Company shall take appropriate steps to fulfill the outstanding Resumption Conditions as soon as practicable and will keep its shareholders of the Company and potential investors informed of the progress as and when appropriate.

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

Hong Kong, 27 June 2019

As at the date of this report, the Board comprises Mr. Chan Siu Chung, Mr. Au Siu Kwong 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.