

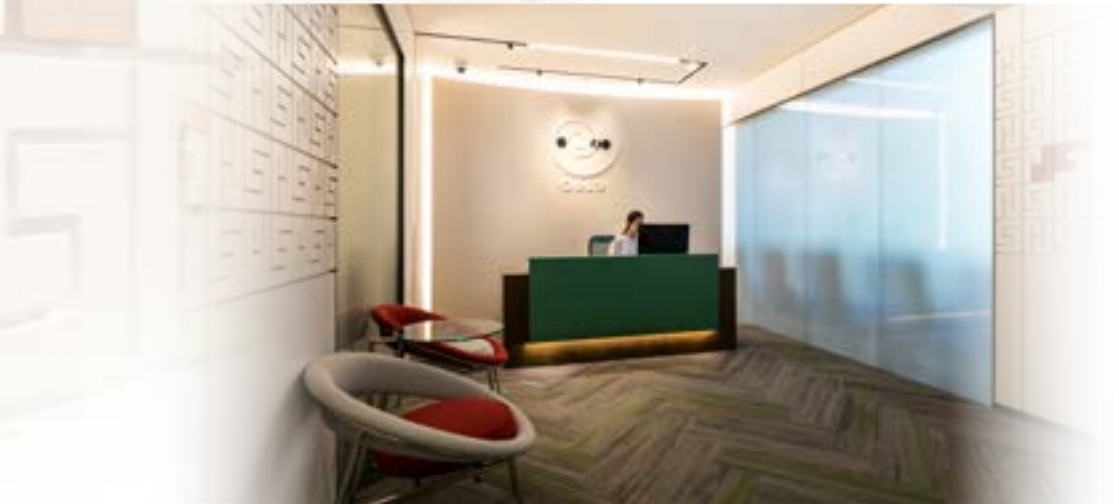


aeso

AESO HOLDING LIMITED
艾碩控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8341)



INTERIM REPORT 2017

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

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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 2017 (the “**Period**”):

- Revenue of the Group was approximately HK\$53.2 million, representing an increase by approximately 26% as compared to the corresponding period in 2016.
- Loss attributed to owners of the Company was approximately HK\$14.3 million (2016: loss of approximately HK\$10.8 million).
- The Board of directors do not recommend the payment of dividend for the Period.
- Loss per share of the Company was approximately HK\$7.13 cents (2016: loss per share of approximately HK\$14.17 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 2016, as follows:

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

For the three months and six months ended 30 September 2017

	Notes	Three months ended 30 September		Six months ended 30 September	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	4	24,556	23,210	53,163	42,128
Cost of sales		(24,543)	(19,699)	(52,122)	(35,706)
Gross profit		13	3,511	1,041	6,422
Other income	5	–	4	13	7
Listing expenses		–	(2,055)	–	(8,101)
Administrative expenses		(5,186)	(3,814)	(15,204)	(9,225)
Finance costs	6	(27)	(52)	(105)	(101)
Loss before taxation	7	(5,200)	(2,406)	(14,255)	(10,998)
Taxation	8	–	(119)	–	158
Loss and total comprehensive expense for the period		(5,200)	(2,525)	(14,255)	(10,840)
Loss per share, attribute to equity holders of the Company					
Basic and diluted (HK cents)	10	(2.60)	(3.30)	(7.13)	(14.17)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 September 2017

	Notes	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		3,246	3,727
Rental deposits	11	589	589
		3,835	4,316
Current assets			
Amounts due from customers for contract works		7,383	1,563
Account and other receivables	11	47,548	47,951
Tax recoverable		3,432	2,574
Pledged bank deposits		1,870	18,281
Bank balances and cash		39,044	10,577
		99,277	80,946
Current liabilities			
Amounts due to customers for contract works		7,016	13,520
Account and other payables	12	17,571	14,038
Amount due to a director		2,700	–
Advances drawn on account receivables factored with recourse		–	3,915
Other borrowings		36,982	–
Obligations under finance leases		174	338
		64,443	31,811
Net current assets		34,834	49,135
Total assets less current liabilities		38,669	53,451

	Notes	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
Non-current liabilities			
Obligations under finance leases		371	898
Deferred tax liabilities		112	112
		483	1,010
Net assets			
		38,186	52,441
Capital and reserves			
Share capital		15,600	15,600
Reserves		22,586	36,841
Total equity			
		38,186	52,441

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	(Accumulated losses)/ retained earnings HK\$'000	Total HK\$'000
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
At 1 April 2016 (audited)	40	-	1,000	22,379	23,419
Loss and total comprehensive expense for the Period	-	-	-	(10,840)	(10,840)
Issue of shares	38	19,875	-	-	19,913
As at 30 September 2016 (unaudited)	78	19,875	1,000	11,539	32,492

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Net cash used in operating activities	(22,858)	(16,534)
Net cash generated from/(used in) investing activities	16,354	(6,176)
Net cash generated from financing activities	34,971	17,626
Net increase/(decrease) in cash and cash equivalents	28,467	(5,084)
Cash and cash equivalents, at 1 April	10,577	9,626
Cash and cash equivalents, at 30 September	39,044	4,542
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	39,044	4,542

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 2017 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 2017 (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 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in note 3.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has adopted the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for the Interim Financial Statements.

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised losses

The adoption of the revised HKFRSs has had no significant financial effect on the Interim Financial Statements and there have been no significant changes to the accounting policies applied in the Interim Financial Statements.

The Group has not early applied any new or revised HKFRSs that have been issued but are not yet effective for the current accounting period.

The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 31 March 2017. 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.

4. REVENUE AND 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 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 three months ended 30 September 2016

	Fitting out projects HK\$'000	Renovation projects HK\$'000	Total HK\$'000
Revenue			
Segment revenue	7,843	15,367	23,210
Segment profit	1,383	2,128	3,511
Unallocated income			4
Unallocated expenses			(5,921)
Loss before taxation			(2,406)

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)

For the six months ended 30 September 2016

	Fitting out projects HK\$'000	Renovation projects HK\$'000	Total HK\$'000
Revenue			
Segment revenue	11,289	30,839	42,128
Segment profit	2,086	4,336	6,422
Unallocated income			7
Unallocated expenses			(17,427)
Loss before taxation			(10,998)

Segment (loss)/profit represents the (loss)/profit from each segment before taxation without allocation of other income, listing expenses, 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	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Customer 1	Renovation Projects	- ¹	5,100	8,441	5,100
Customer 2	Fitting-out Projects	17,618	NA	31,185	NA
Customer 3	Fitting-out Projects	- ¹	NA	6,897	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	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Bank interest income	-	4	4	7
Sundry income	-	-	9	-
	-	4	13	7

6. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Interest on:				
Bank borrowings	12	-	49	16
Bank overdrafts	-	6	18	6
Finance leases	15	-	24	-
Advances drawn on account receivables factored with recourse	-	46	14	79
	27	52	105	101

7. LOSS BEFORE TAXATION

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Loss before taxation has been arrived at after charging:				
Directors' emolument	995	679	1,919	2,221
Other staff costs:				
Salaries and other allowances	3,264	1,951	7,672	5,564
Retirement benefit scheme contributions	123	114	251	211
Total staff costs	4,382	2,744	9,842	7,996
Less: amounts included in cost of services	(2,119)	(1,842)	(4,271)	(3,523)
	2,263	902	5,571	4,473
Auditors' remuneration	125	300	250	600
Depreciation of property, plant and equipment	334	62	689	123
Minimum operating lease rentals in respect of rental premises	560	542	1,115	908

8. TAXATION

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Hong Kong Profits Tax	-	-	-	-
Deferred tax	-	(119)	-	158
	-	(119)	-	158

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 31 December 2017 and 2016.

9. DIVIDENDS

The Board of directors do not recommend a payment of a dividend for the Period (2016: Nil).

10. LOSS PER SHARE

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Loss:				
Loss for the purpose of calculating basic loss per share	(5,200)	(2,525)	(14,255)	(10,840)
Number of shares:				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	200,000,000	76,500,000	200,000,000	76,500,000

Diluted loss per share and basic loss per share are the same for the three months and six months ended 30 September 2017 and 2016 as there were no potential ordinary shares in issue for the three months and six months ended 30 September 2017 and 2016.

11. ACCOUNT AND OTHER RECEIVABLES

	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
Account receivables	34,435	36,405
Less: allowance for doubtful debts	(2,450)	(2,450)
	31,985	33,955
Retention receivables	11,586	9,201
Less: allowance for doubtful debts	(941)	(941)
	10,645	8,260
	42,630	42,215
Other receivables, deposits and prepayments		
– Project deposits paid to sub-contractors	4,599	5,286
– Rental and utility deposits	624	618
– Prepayment	143	285
– Other receivables	141	136
	5,507	6,325
Total accounts and other receivables	48,137	48,540
Less: Receivables within twelve months shown under current assets	(47,548)	(47,951)
Rental deposits shown under non-current assets	589	589

Aging of account receivables and other receivables

	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
Within 30 days	17,758	31,439
31 to 60 days	6,688	–
61 to 120 days	1,540	2,516
121 to 365 days	5,999	–
Over 365 days	–	–
	31,985	33,955

12. ACCOUNT AND OTHER PAYABLES

	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
Account payables	891	3,390
Retention payables	8,323	6,434
Accruals	3,627	4,214
Other payables	4,730	–
	17,571	14,038

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 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
0 to 30 days	203	3,390
31 to 60 days	688	–
61 to 90 days	–	–
Over 90 days	–	–
	891	3,390

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 DISCUSSION AND ANALYSIS

Business Review

The Company is an investment holding company and the shares of the Company (the “**Shares**”) were listed on GEM of the Stock Exchange on 13 January 2017 by way of placing (the “**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 2017, the Company submitted tenders amounting to approximately HK\$972.40 million and 4 projects were awarded amounting to approximately HK\$59.4 million, which include a Fitting-out Project of proposed residential development at Shatin with contract sum of approximately HK\$58 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\$42.1 million for the six months ended 30 September 2016 to approximately HK\$53.2 million for the six months ended 30 September 2017, representing an increase of approximately 26.2%.

The revenue for the Fitting-out Projects for the six months ended 30 September 2017 was approximately HK\$38.1 million, represented an increase of approximately 237.8% from approximately HK\$11.3 million for the same period in 2016.

The revenue for the Renovation Projects for the six months ended 30 September 2017 was approximately HK\$15.0 million, represented a decrease of approximately 51.3% from approximately HK\$30.8 million for the same period in 2016.

Cost of Services

The Group's direct cost increased from approximately HK\$35.7 million for the six months ended 30 September 2016 to approximately HK\$52.1 million for the six months ended 30 September 2017, representing an increase of approximately 46.0%. The increase was not in line with the increase in revenue due to the temporary freezing of company's bank accounts caused by the shareholders' disputes leading to our failure to fulfil our obligation to complete the outstanding works and our customer had to pay extra costs to rectify it. The relevant costs incurred were borne by the Company.

Gross Loss/Profit

The Group's gross profit amounted to approximately HK\$6.4 million and approximately HK\$1.0 million for the six months ended 30 September 2016 and 2017 respectively, representing a decrease of approximately 83.8%. The decrease was due to the consequential effect of shareholders disputes.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK\$9.2 million and approximately HK\$15.2 million for the six months ended 30 September 2016 and 2017 respectively, representing an increase of approximately 64.8%. Such increase was due to the professional fee of approximately HK\$2.0 million incurred in relation to the shareholders' disputes during the six months ended 30 September 2017.

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\$14.2 million and approximately HK\$10.8 million for the six months ended 30 September 2017 and 2016 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 of mainland-based property developers.

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 30 September 2017, the Group had net current assets of approximately HK\$34.8 million (31 March 2017: HK\$49.1 million), bank balances and cash of approximately HK\$39.0 million (31 March 2017: HK\$10.6 million) and pledged bank deposit of approximately HK\$1.9 million (31 March 2017: HK\$18.3 million).

The gearing ratio of the Group as at 30 September 2017 was approximately 1.0 times (31 March 2017, approximately 0.08 times), which was high as the Group suffered from the loss and decrease in total equity during the period ended 30 September 2017. 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 and thus maintained a healthy liquidity position throughout the six months ended 30 September 2017. 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\$1.9 million as at 30 September 2017 are charged to the bank to secure general banking facilities.

Capital Commitments

As at 30 September 2017, the Group did not have any capital commitment.

Capital Structure

There has been no change in capital structure of the Company since 31 March 2017.

Significant Investments

As at 30 September 2017, there was no significant investment held by the Group (31 March 2017: 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 2017. 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 2017, 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 2017, the Group had 34 employees. The remuneration policy of the employees of the Group was set up by the Board on the basis of their experience, qualifications and competence. Other employees' benefits include contributions to statutory mandatory provident funds, and housing allowance to its employees in Hong Kong.

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

Comparison of Business Objectives and Actual Business Progress

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

Business objectives up to 30 September 2017	Actual Business Progress up to 30 September 2017
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Further developing the Group's contracting business	The company has utilised the proceeds in security of surety bond to new business. In addition, the Company has successfully developed a team of designers to develop design and build projects and will keep going to enlarge the proportion of design and build projects to our overall business scale.
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Business objectives up to 30 September 2017 **Actual Business Progress up to 30 September 2017**

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 to support expansion of business
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 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 2017 is set out below:

	Adjusted use of net proceeds in the same manner and in the same proportion as stated in the Prospectus	Adjusted use of net proceeds in the same manner and in the same proportion from the Listing Date up to 30 September 2017	Actual use of net proceeds from the Listing Date up to 30 September 2017
	HK\$ million	HK\$ million	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	0.8	0.8
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	1.3	1.3
General working capital	4.1	3.0	3.0
	40.6	36.7	31.8

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

As at 30 September 2017, 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 2017
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 2017.

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

As at 30 September 2017, 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 2017
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 2017, 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 as at the date of this announcement.

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 2017 were Mr. Chan Siu Chung, Mr. Cheung Hiu Tung, Ms. Zhang Qi, Mr. Law Wing Kit, Mr. Lee Chi Chung, Mr. Or Chun Man, Mr. Leung Ka Kui, Johnny, Mr. Ye Wenxin, Mr. Wang Aisheng, 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 2017. Since the former Directors (Mr. Cheung Hiu Tung, Ms. Zhang Qi, Mr. Law Wing Kit, Mr. Lee Chi Chung, Mr. Or Chun Man, Mr. Leung Ka Kui, Johnny, Mr. Ye Wenxin, Mr. Wang Aisheng, 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 2017.

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 2017.

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 2017.

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 2017, 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 2017, 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 oversee the overall management of the Group in each of their specialized executive fields, which fulfills 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 2017, 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 in the absence of the executive Director.

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 2017, 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 2017.

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.