aeso

AESO HOLDING LIMITED
艾碩控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8341)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED ("STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, 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 announcement 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 announcement misleading.*

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2019 (the "**Reporting Period**") together with the comparative audited figures for the year ended 31 March 2018. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	**2019** ***HK$'000***	2018 *HK$'000*
Revenue	*4*	**88,913**	96,306
Cost of services		**(81,414)**	(105,482)
Gross profit/(loss)		**7,499**	(9,176)
Other income, gain and losses	*5*	**50**	14
Reversal of allowance for expected credit losses		**1,706**	–
Administrative expenses		**(17,824)**	(23,073)
Finance costs	*6*	**(3,927)**	(3,065)
Loss before taxation	*7*	**(12,496)**	(35,300)
Taxation	*9*	**57**	55
Loss and total comprehensive expense for the year		**(12,439)**	(35,245)
Loss per share attributable to equity holders of the Company			
Basic and diluted *(HK cents)*	*10*	**(6.22)**	(17.62)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**1,370**	2,675
Rental deposits	*11*	**–**	591
		1,370	3,266
Current assets			
Amounts due from customers for contract works		**–**	6,218
Account and other receivables	*11*	**15,051**	25,376
Contract assets		**17,342**	–
Tax recoverable		**3,432**	3,432
Pledged bank deposits		**28,798**	33,874
Bank balances and cash		**9,269**	514
		73,892	69,414
Current liabilities			
Amounts due to customers for contract works		**–**	1,467
Account and other payables	*12*	**27,223**	15,956
Contract liabilities		**8,670**	–
Other borrowings		**36,982**	36,982
Bank overdrafts		**–**	564
Obligations under finance leases		**181**	176
		73,056	55,145
Net current assets		**836**	14,269
Total assets less current liabilities		**2,206**	17,535

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Non-current liabilities			
Obligations under finance leases		**101**	282
Deferred tax liabilities		**–**	57
		101	339
Net assets		**2,105**	17,196
Capital and reserves			
Share capital		**15,600**	15,600
Reserves		**(13,495)**	1,596
Total equity		**2,105**	17,196

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 10 December 2015. Its ultimate controlling party is Acropolis Limited. The address of the registered office and the principal place of business of the Company are 18/F., 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 consolidated financial statements is presented in Hong Kong Dollar ("**HK$**"), which is the same as the functional currency of the Company and its subsidiaries and all value are rounded to the nearest thousand ("**HK$'000**") except when otherwise indicated.

2. 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 2018** *HK$'000* (As reported)	**HKFRS 15** *HK$'000*	**HKFRS 9** *HK$'000*	**1 April 2018** *HK$'000* (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)	**Amounts due from customers for contract works**	**Contract assets**	**Amounts due to customers for contract works**	**Contract liabilities**	**Accumulated losses**	**Account and other payables**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Closing balance as 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.

Other financial assets measured at amortised cost

ECL for other financial assets at amortised cost, including other receivables, pledged bank deposits 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 *HK$'000*	**Account receivables** *HK$'000*	**Total** *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)
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 notes to the consolidated financial statements.

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	**Reclassification**	**HKFRS 15 carrying amount at 1 April 2018**
	HK$'000	*HK$'000*	*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 consolidated statement of financial position 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 consolidated financial information and/or disclosures set out in the consolidated financial information except that, the Group has adopted the following accounting policies as stated in note 4 on revenues with effect from 1 April 2018.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position at 31 March 2019 and its consolidated statement of cash flows for the current year 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 year. 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 *HK$'000*	**Adjustments** *HK$'000*	**Carrying amounts without application of HKFRS 15** *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)	–

New and amendments to HKFRSs in issue not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
HKFRS (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycle[1]
Amendments to HKFRS 10 and HKAS 28	Sale of Contribution of Asses between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 April 2019.

2 Effective for annual periods beginning on or after a date to be determined.

3 Effective for annual periods beginning on or after 1 April 2021.

4 Effective for business combination and asset acquisition for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 April 2020.

5 Effective for annual periods beginning on or after 1 April 2020.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Total operating lease commitment of the Group in respect of its office, as at 31 March 2019 was amounting to approximately HK$1,031,000. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's results at this stage but it is expect certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognize the cumulative effect of initial application to opening retained earnings without restating comparative information.

Except disclosed above, the Directors do not anticipate that the application of other new and revised HKFRSs will have a material impact on the Group's financial performance and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with accounting policies conform with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements includes applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of preparation of financial statements

The consolidated financial statements have been prepared on the historical cost. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

4. REVENUE AND SEGMENT INFORMATION

Revenue

		2019	2018
		HK$'000	*HK$'000*
(i)	**Over-time of revenue recognition**		
	Fitting-out projects	**52,911**	82,731
	Renovation projects	**36,002**	13,575
		88,913	96,306
	Outstanding Contract amount	**234,411**	112,003

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 March 2019, the aggregated amount of the transaction price allocated to the remaining performance obligation under the Group's existing contracts is HK$234,411,000. This amount represents revenue expected to be recognised in the future from pre-completion construction contracts entered into by the customers with the Group. The Group will recognised the expected revenue in future when or as the work is completed which is expected to occur within the next 12 months.

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

For the year ended 31 March 2019

	Fitting-out Projects *HK$'000*	**Renovation Projects** *HK$'000*	**Total** *HK$'000*
Revenue			
Segment revenue	**52,911**	**36,002**	**88,913**
Segment (loss)/profit	**(496)**	**7,995**	**7,499**
Unallocated income			**1,756**
Unallocated expenses			**(21,751)**
Loss before taxation			**(12,496)**

For the year ended 31 March 2018

	Fitting-out Projects *HK$'000*	Renovation Projects *HK$'000*	Total *HK$'000*
Revenue			
Segment revenue	82,731	13,575	96,306
Segment loss	(7,601)	(1,575)	(9,176)
Unallocated income			14
Unallocated expenses			(26,138)
Loss before taxation			(35,300)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment (loss)/profit represents the (loss)/profit from each segment before taxation without allocation of other income, gains and losses, administration expenses and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment. No analysis of the Group's assets and liabilities is regularly provided to the CODM for review.

Geographical information

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

Information about major customers

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

		2019	2018
		HK$'000	*HK$'000*
Customer 1	Fitting-out Projects	–[1]	36,588
Customer 2	Renovation Projects	**11,444**	–[1]
Customer 3	Fitting-out Projects	–[1]	30,547
Customer 4	Fitting-out Projects	**41,109**	11,298

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

5. OTHER INCOME, GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
Bank interest income	–	5
Sundry income	**50**	9
	50	14

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings	–	95
Bank overdrafts	–	18
Other borrowing	**3,916**	2,906
Finance leases	**11**	32
Advances drawn on account receivables factored with recourse	–	14
	3,927	3,065

7. LOSS BEFORE TAXATION

	2019	2018
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging:		
Directors' emolument	**2,804**	4,488
Other staff costs:		
Salaries and other allowances	**78,382**	15,637
Retirement benefits scheme contributions	**461**	482
Total staff costs	**81,647**	20,607
Less: amounts included in cost of services	**(9,195)**	(10,360)
	72,452	10,247
Auditors' remuneration	**600**	500
Depreciation of property, plant and equipment	**1,315**	1,374
Minimum operating lease rentals in respect of rental premises	**2,248**	2,236
Reversal of allowance for expected credit losses on account receivables	**(1,541)**	–
Reversal of allowance for expected credit losses on contract assets	**(165)**	–

8. DIVIDEND

The Board of directors do not recommend the payment for any dividend for the year ended 31 March 2019 (2018: Nil).

9. TAXATION

	2019	2018
	HK$'000	*HK$'000*
Deferred tax	**(57)**	(55)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment.) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2,000.000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The Group is subject to Hong Kong Profit Tax at a rate of 16.5% for the year ended 31 March 2018.

10. LOSS PER SHARE

	2019	2018
	HK$'000	*HK$'000*
Loss:		
Loss for the purpose of calculating basic loss per share	**(12,439)**	(35,245)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**200,000,000**	200,000,000

Diluted loss per share and basic loss per share are the same for the years ended 31 March 2019 and 2018 as there were no potential ordinary shares in issue during both the years.

11. ACCOUNT AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Account receivables	**14,694**	15,903
Less: allowance for expected credit losses	**(3,282)**	(2,450)
	11,412	13,453

The Group allows an average credit period of 30 days (2018: 30 days) to its customers. The aged analysis of the Group's account receivables at the end of each reporting period:

	2019	2018
	HK$'000	*HK$'000*
Account receivables:		
Within 30 days	**6,876**	8,575
31 – 60 days	**3,545**	–
61 – 120 days	**–**	–
121 – 365 days	**873**	128
Over 365 days	**118**	4,750
	11,412	13,453

12. ACCOUNT AND OTHER PAYABLES

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:

	2019	2018
	HK$'000	*HK$'000*
1 – 30 days	**7,401**	1,762
31 – 60 days	**–**	–
61 – 90 days	**–**	109
Over 90 days	**–**	–
	7,401	1,871

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 year ended 31 March 2019, the Company submitted tenders amounting to approximately HK$1,140.4 million and 12 projects were awarded amounting to approximately HK$123.2 million, which include (i) a Renovation Project for a restaurant at a reputable hotel at Causeway Bay with contract sum of approximately HK$9.3 million; (ii) a Fitting-out Project of a proposed residential and kindergarten development at New Territories with contract sum of approximately HK$85.5 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 decreased from approximately HK$96.3 million for the year ended 31 March 2018 to approximately HK$88.9 million for the year ended 31 March 2019, representing a decrease of approximately 8%. Such decrease was mainly due to the consequential effects caused by the shareholders' disputes.

The revenue for the Fitting-out Projects for the year ended 31 March 2019 was approximately HK$52.9 million, represented a decrease of approximately 36% from approximately HK$82.7 million for the same period in 2018.

The revenue for the Renovation Projects for the year ended 31 March 2019 was approximately HK$36 million, represented an increase of approximately 165% from approximately HK$13.6 million for the same period in 2018.

Cost of Services

The Group's direct cost decreased from approximately HK$105.5 million for the year ended 31 March 2018 to approximately HK$81.4 million for the year ended 31 March 2019, representing a decrease of approximately 23%. The decrease was in line with the decrease in revenue during the year and foreseeable losses of some projects recognized in last year.

Gross Loss/Profit

There was a turnaround from a gross loss of approximately HK$9.2 million for the year ended 31 March 2018 to a gross profit of approximately HK$7.5 million for the year ended 31 March 2019. Such improvement was due to decrease in foreseeable losses of some projects recognised in last year.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK$23.1 million and approximately HK$17.8 million for the years ended 31 March 2018 and 2019 respectively, representing a decrease of approximately 23%. Such decrease was primarily due to the decrease of professional fee incurred in relation to the shareholders' disputes during the year ended 31 March 2019.

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$12.4 million and approximately HK$35.2 million for the years ended 31 March 2019 and 2018 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. As of today, the Group have been awarded the projects amounting to approximately HK$170 million which is expected to be recognised during the six months ending 30 September 2019 which include a famous cinema operator and a famous private sport academy. 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 31 March 2019, the Group had net current assets of approximately HK$0.8 million (31 March 2018: HK$14.3 million), bank balances and cash of approximately HK$9.3 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 31 March 2019 was approximately 17.7 times (31 March 2018: approximately 2.21 times), which was high as the Group suffered from the loss for the year and decrease in total equity during the year ended 31 March 2019. 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 31 March 2019 (31 March 2018: HK$33.9 million) are charged to the bank to secure general banking facilities.

Commitments

As at 31 March 2019, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rental premises which fall due as follow:

	HK$'000
Minimum lease payments under operating leases	
Within one year	1,031

Capital Structure

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

Significant Investments

As at 31 March 2019, 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 year ended 31 March 2019. Save as disclosed in the paragraphs "Comparison of Business Objectives and Actual Business Progress" of this announcement, 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 31 March 2019, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

Employees and Remuneration Policy

As at 31 March 2019, the Group had 33 employees (31 March 2018: 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 31 March 2019 is set out below:

Business objectives up to 31 March 2019	Actual Business Progress up to 31 March 2019
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.
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	The tenancy of the office located at 18/F., The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong was renewed and effected from 1 June 2019
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 31 March 2019 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 31 March 2019** *HK$ million*	**Actual use of net proceeds from the Listing Date up to 31 March 2019** *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

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 announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

EVENTS AFTER THE REPORTING PERIOD

Please refer to the paragraphs headed "Shareholders' Disputes" in this announcement 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 Reporting Period, 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.l, A.2.2 and A.2.3 of the CG Code

Under provision A.2.l 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 issued arising at board meetings, and receive adequate information, both complete and reliable, in a timely manner. The executive directors of the Company collectively oversees the overall management of the Group in each of their specialized executive fields, which fulfils the function of Chief Executive Officer in substance. Therefore, the Company currently has not appointed its Chief Executive Officer to avoid the duplication of duties.

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 Reporting Period, 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 Reporting Period, 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.

Rules 5.05(1), 5.05A, 5.28 and 5.34 of the GEM Listing Rules

Rules 5.05(1) and 5.05A of the GEM Listing Rules require every board of directors to include at least three independent non-executive directors, representing at least one-third of the board. Rule 5.28 of the GEM Listing Rules requires every audit committee of a board to, among other matters, comprise a minimum of three members, with at least one of whom being an independent non-executive director with appropriate professional qualifications of accounting or related financial management expertise. Rule 5.34 of the GEM Listing Rules requires the Company to establish a remuneration committee chaired by an independent non-executive director and comprising a majority of independent non-executive director. Following the resignation of Ms. Tsang Kwok Shan Sandy, Mr. To Man Choy Jacky and Mr. Ko Kwok Fai Dennis as independent non-executive Directors on 4 April 2019, the Company did not have any independent non-executive director and membership of the remuneration committee, nomination committee and audit and risk management committee. Thus, the Company did not fulfill the requirement under Rules 5.05(1), 5.05A, 5.28 and 5.34 of the GEM Listing Rules. On 12 April 2019, Mr. Au Siu Kwong was appointed as an executive Director, and Mr. Yeung Chun Yue, David was appointed as an independent non-executive Director, a chairman of the Audit and Risk Management Committee, and a member of each of the Nomination Committee and the Remuneration Committee; and on 24 May 2019, Ms. Lai Wing Sze and Ms. Yu Wan Ki were appointed as independent non-executive Directors, Ms. Lai Wing Sze was appointed as a chairman of the Remuneration Committee, and a member of each of the Audit and Risk Management Committee and the Nomination Committee, and Ms. Yu Wan Ki was appointed as a member of the Audit and Risk Management Committee, the Company thereby complying with Rules 5.05(1), 5.05A , 5.28 and 5.34 of the GEM Listing Rules.

AUDIT AND RISK MANAGEMENT COMMITTEE

As at the date of this announcement, 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 audited financial statements for the Reporting Period.

In the independent auditors' report for the Reporting Period, the external auditor of the Company has included the following paragraph in the auditor's opinion to draw the shareholders' attention:

> "EMPHASIS OF MATTER
>
> We draw attention to the consolidated financial statements, which describes the winding-up proceedings against the Company which arose due to disputes amongst the controlling shareholders of the Company. On 29 April 2019, the Court ordered that the winding-up proceedings be dismissed by the consent of the parties. Our opinion is not modified in respect of this matter."

COMPLIANCE ADVISOR

As at the date of this announcement, the Company is searching for a compliance adviser pursuant to Rule 6A.27 of the GEM Listing Rules and will make appropriate announcement as soon as the compliance adviser has been appointed.

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 Reporting Period 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 Reporting Period. 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 announcement, the current Board cannot confirm whether they had complied with the required standards of dealings set out in the GEM Listing Rules during the Reporting Period.

TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company or its subsidiaries was a party and in which a Director or an entity connected with a Director has or had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The financial figure in respect of the preliminary announcement of the Group's results for the Reporting Period have been agreed by the external auditors of the Company, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

This announcement will be published on the respective websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.aeso.hk). This announcement for the Reporting Period containing all the information required by the GEM Listing Rules will be published on the website of the Company and the Stock Exchange and despatched to the Company's shareholders in due course.

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.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 27 June 2019

As at the date of this announcement, 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.

This announcement will remain on the "Latest Listed Company Information" page of the GEM website at www.hkgem.com for a minimum period of seven days from the date of the publication and on the website of the Company at www.aeso.hk.