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aeso

AESO HOLDING LIMITED

艾碩控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8341)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Aeso Holding Limited (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2022. This announcement, containing the full text of the 2022 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the “**GEM**” and the “**GEM Listing Rules**”, respectively) in relation to information to accompany preliminary announcement of interim results.

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

Hong Kong, 14 November 2022

As at the date of this announcement, the Board comprises Mr. Chan Siu Chung, Mr. Cheung Hiu Tung and Mr. Zhang Hai Wei as Executive Directors, and Mr. Yeung Chun Yue, David, Ms. Lai Wing Sze and Ms. Yu Wan Ki as Independent Non-Executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, include particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.

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

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

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

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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 2022 (the “**Period**”):

- Revenue of the Group was approximately HK\$116.7 million, representing an increase by approximately 53.4% as compared to the corresponding period in 2021.
- Profit attributable to equity holders of the Company was approximately HK\$3.7 million (2021: loss of approximately HK\$2.0 million).
- The board of Directors do not recommend the payment of dividend for the Period.
- Earnings per share of the Company was approximately HK\$4.60 cents (2021: loss per share of approximately HK\$2.55 cents (restated)).

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 2021, as follows:

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

For the three months and six months ended 30 September 2022

	Notes	Three months ended 30 September		Six months ended 30 September	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3	63,100	35,237	116,698	76,068
Cost of sales		(54,079)	(30,107)	(100,534)	(66,404)
Gross profit		9,021	5,130	16,164	9,664
Other income, gains or (losses), net	4	1,107	11	1,087	22
Allowance for expected credit losses ("ECL")		(61)	–	(61)	–
Change in fair value of financial assets at fair value through profit or loss		62	61	125	123
Administrative expenses		(7,400)	(6,426)	(13,099)	(11,749)
Finance costs	5	(336)	(30)	(540)	(100)
Profit/(loss) before taxation	6	2,393	(1,254)	3,676	(2,040)
Taxation	7	–	–	–	–
Profit/(loss) and total comprehensive income/(loss) for the period		2,393	(1,254)	3,676	(2,040)
			(Restated)		(Restated)
Earnings/(loss) per share, attribute to equity holders of the Company	9				
Basic (HK cents)		2.99	(1.57)	4.60	(2.55)
Diluted (HK cents)		2.90	N/A	4.46	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 September 2022

	Notes	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		253	272
Right-of-use assets		5,955	7,072
		6,208	7,344
Current assets			
Account and other receivables	10	25,436	36,019
Contract assets		78,350	53,257
Financial assets at fair value through profit or loss		10,455	10,330
Pledged bank deposits		903	903
Bank balances and cash		6,258	7,756
		121,402	108,265
Current liabilities			
Account and other payables	11	39,869	39,697
Contract liabilities		17,789	12,673
Bank borrowings		30,770	27,998
Lease liabilities		2,225	2,201
		90,653	82,569
Net current assets		30,749	25,696
Total assets less current liabilities		36,957	33,040

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Non-current liability		
Lease liabilities	3,814	4,932
	3,814	4,932
Net assets	33,143	28,108
Capital and reserves		
Share capital	62,400	62,400
Reserves	(29,257)	(34,292)
Total equity	33,143	28,108

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2022 (Audited)	62,400	39,615	3,595	1,000	(78,502)	28,108
Profit and total comprehensive income for the Period	-	-	-	-	3,676	3,676
Granted of share option	-	-	1,359	-	-	1,359
As at 30 September 2022 (Unaudited)	62,400	39,615	4,954	1,000	(74,826)	33,143
At 1 April 2021 (Audited)	62,400	39,615	4,182	1,000	(87,772)	19,425
Loss and total comprehensive loss for the Period	-	-	-	-	(2,041)	(2,041)
Recognition of equity-settled share-based payments	-	-	520	-	-	520
As at 30 September 2021 (Unaudited)	62,400	39,615	4,702	1,000	(89,813)	17,904

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Net cash used in operating activities	(2,572)	(8,205)
Net cash (used in)/generated from investing activities	(64)	899
Net cash generated from financing activities	1,138	2,413
Net decrease in cash and cash equivalents	(1,498)	(4,893)
Cash and cash equivalents, at 1 April	7,756	7,843
Cash and cash equivalents, at 30 September	6,258	2,950
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	6,258	2,950

1. CORPORATE INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 10 December 2015. The address of the Company's registered office is 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands and its principal place of business is 18th Floor, The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong.

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

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

The unaudited interim financial statements of the Group for the six months ended 30 September 2022 are presented in Hong Kong dollars ("**HK\$**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSS**"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKAS**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure requirements under the GEM Listing Rules. The unaudited interim financial statements should be read in conjunction with the annual report for the year ended 31 March 2022.

The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 31 March 2022. The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current and prior periods.

3. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue recognised during the three months and six months ended 30 September 2022 and 2021 are as follows:

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Disaggregation of revenue from contracts with customers within the scope of HKFRS 15				
Fitting-out projects	55,410	26,368	103,374	67,199
Renovation projects	7,690	8,869	13,324	8,869
Revenue recognised over time	63,100	35,237	116,698	76,068

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

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

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

(ii) **Renovation work and alteration and addition work for old projects (“Renovation Projects”)**

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

For the three months ended 30 September 2022

	Fitting out projects HK\$'000 (Unaudited)	Renovation projects HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue			
Segment revenue	55,410	7,690	63,100
Segment profit	7,889	1,132	9,021
Unallocated income			1,107
Allowance for expected credit losses			(61)
Change in fair value of financial assets at fair value through profit or loss			62
Unallocated expenses			(7,736)
Profit before taxation			2,393

For the three months ended 30 September 2021

	Fitting out projects HK\$'000 (Unaudited)	Renovation projects HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue			
Segment revenue	26,368	8,869	35,237
Segment (loss)/profit	(213)	5,343	5,130
Unallocated income			11
Change in fair value of financial assets at fair value through profit or loss			61
Unallocated expenses			(6,456)
Loss before taxation			(1,254)

For the six months ended 30 September 2022

	Fitting out projects HK\$'000 (Unaudited)	Renovation projects HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue			
Segment revenue	103,374	13,324	116,698
Segment profit	15,196	968	16,164
Unallocated income			1,087
Allowance for expected credit losses			(61)
Change in fair value of financial assets at fair value through profit or loss			125
Unallocated expenses			(13,639)
Profit before taxation			3,676

For the six months ended 30 September 2021

	Fitting out projects HK\$'000 (Unaudited)	Renovation projects HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue			
Segment revenue	67,199	8,869	76,068
Segment profit	4,321	5,343	9,664
Unallocated income			22
Change in fair value of financial assets at fair value through profit or loss			123
Unallocated expenses			(11,849)
Loss before taxation			(2,040)

Segment profit/(loss) represents the profit/(loss) from each segment before taxation without allocation of other income, gains or (losses), net, change in fair value of financial assets at fair value through profit or loss, administrative expenses, allowance for expected credit losses and finance costs.

Geographical information

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

Information about major customers

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

		Three months ended 30 September		Six months ended 30 September	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Customer 1	Renovation Projects	1,720	26,523	1,747	45,481
Customer 1	Fitting-out projects	20,644	–	38,270	–
Customer 2	Fitting-out projects	6,930	–	–	–
Customer 3	Fitting-out projects	14,375	–	34,071	–
Customer 3	Renovation Projects	117	–	117	–
Customer 4	Fitting-out projects	12,819	–	18,224	–

4. OTHER INCOME, GAINS OR (LOSSES), NET

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest income	–	11	–	22
Loss on disposal of fixed assets	–	–	(36)	–
Government grants	1,080	–	1,080	–
Sundry income	27	–	43	–
	1,107	11	1,087	22

5. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest on:				
Bank borrowings	302	19	469	74
Lease liabilities	34	11	71	26
	336	30	540	100

6. PROFIT/(LOSS) BEFORE TAXATION

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Profit/(loss) before taxation has been arrived at after charging:				
Directors' emolument	975	894	1,679	1,788
Other staff costs:				
Salaries and other allowances	6,535	4,255	12,146	8,007
Retirement benefit scheme contributions	116	187	240	326
Total staff costs	7,626	5,336	14,065	10,121
Less: amounts included in cost of services	(2,663)	(1,988)	(5,362)	(3,556)
	4,963	3,348	8,703	6,565
Auditor's remuneration	100	157	200	315
Depreciation of property, plant and equipment	24	74	47	146
Depreciation of right-of-use assets	559	641	1,117	1,282
Equity-settled share-based payment	-	520	-	520

7. TAXATION

No provision for Hong Kong Profit Tax has been made as the Group had sufficient tax losses brought forward to set off against current year's assessable profit during the six months and three months ended 30 September 2022 and 2021.

8. DIVIDENDS

The Board does not recommend a payment of a dividend for the Period (2021: Nil).

9. EARNINGS/(LOSS) PER SHARE

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Earnings/(loss):				
Profit/(loss) for the purpose of calculating basic earnings/(loss) per share	2,393	(1,254)	3,676	(2,040)
		(Restated)		(Restated)
Number of shares:				
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	80,000,000	80,000,000	80,000,000	80,000,000
Effect of dilutive potential ordinary share arising from share option	4,810,000	2,271,000	4,810,200	2,271,000
Weighted average number of shares that would have been issued at average market prices	(2,311,000)	(1,337,000)	(2,382,700)	(1,282,100)
Weighted average number of ordinary shares for the purpose of diluted earnings per share	82,499,000	80,934,000	82,427,500	80,988,900

The weighted average number of ordinary shares for the six months and three months ended 30 September 2021 has been adjusted and restated after the share consolidation completed in April 2022 was deemed to be effective throughout the six months and three months ended 30 September 2021.

No diluted loss per share is presented for the six months and three months ended 30 September 2021, as the outstanding share options did not have any dilutive effect and was not included in the calculation of diluted loss per share.

10. ACCOUNT AND OTHER RECEIVABLES

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Account receivables	29,006	39,521
Less: allowance for expected credit losses	(4,728)	(4,781)
	24,278	34,740
Other receivables, deposits and prepayments		
– Rental and utility deposits	841	840
– Prepayment	200	377
– Other receivables	117	62
	1,158	1,279
Total accounts and other receivables	25,436	36,019

Aging of account receivables

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Within 30 days	21,374	32,858
31 to 60 days	1,711	1,114
61 to 120 days	425	–
121 to 365 days	–	–
Over 365 days	768	768
	24,278	34,740

11. ACCOUNT AND OTHER PAYABLES

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Account payables	17,288	17,525
Accruals	1,992	1,482
Deposits received	8,000	8,000
Retention payables	12,589	12,690
	39,869	39,697

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 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Within 30 days	17,288	17,525

MANAGEMENT DISCUSS AND ANALYSIS

Business Review

The Company is an investment holding company and the shares of the Company (the “**Shares**”) were listed on GEM of the Stock Exchange on 13 January 2017 by way of placing. The Company’s subsidiaries are principally engaged in the provision of fitting-out work for construction of newly built commercial premises and residential developments and renovation (including alteration and addition) work for existing commercial premises in Hong Kong. As a contracting service provider which offers high quality and value-added services to cater for our clients’ specification and satisfaction, the Group received continuing support from our customers over the years. We have also built-up reputation which attract many new customers.

During the Period, the Company submitted tenders amounting to approximately HK\$1,120.5 million (six months ended 30 September 2021: approximately HK\$1,765.9 million) and 5 projects were awarded amounting to approximately HK\$182.5 million (six months ended 30 September 2021: 4 projects were awarded amounting to approximately HK\$31.9 million). Most of the tenders are invited by the stable and long-term clients, including leading listed property developers in Hong Kong, based on their trust to our Company and some are from sizable developers from the PRC.

It is expected that the tenders awarded during the Period enables the Group to have strong and stable source of revenue in the forthcoming financial years. The Directors will deploy more resources to satisfy the capital needs for performing the projects and will consider different alternatives to raise additional funds if and when the need arises.

Financial Review

Revenue

The Group's overall revenue increased from approximately HK\$76.1 million for the six months ended 30 September 2021 to approximately HK\$116.7 million for the Period, representing an increase of approximately 53.4%. The increase in revenue was mainly due to a relatively larger amounts of tenders awarded in recent years and it led that more contract revenue was recognised during the Period as compared to the corresponding period in 2021.

The revenue for the Fitting out Projects for the six months ended 30 September 2022 was approximately HK\$103.4 million, represented an increase of approximately 53.9% from approximately HK\$67.2 million for the same period in 2021.

The revenue for the Renovation Projects for the six months ended 30 September 2022 was approximately HK\$13.3 million, represented an increase of approximately 49.4% from approximately HK\$8.9 million for the same period in 2021.

Cost of Services

The Group's direct cost increased from approximately HK\$66.4 million for the six months ended 30 September 2021 to approximately HK\$100.5 million for the Period, representing an increase of approximately 51.4%. The increase was in line with the increase in revenue.

Gross Profit

The gross profit amounted to approximately HK\$16.2 million and approximately HK\$9.7 million for the six months ended 30 September 2022 and 2021 respectively, representing an increase of approximately 67.0% during the Period as compared to the corresponding period in 2021.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK\$13.1 million and approximately HK\$11.7 million for the six months ended 30 September 2022 and 2021 respectively, representing an increase of approximately 12.0%. Such increase was mainly due to the increase in staff costs for administrative staffs for the Period.

Profit (loss) attributable to the owners of the Company

As a result of the aforesaid, the profit attributable to the owners of the Company was approximately HK\$3.7 million and the loss attributable to the owners of the Company was approximately HK\$2.0 million for the six months ended 30 September 2022 and 2021 respectively. Such increase was mainly due to the significant increase in gross profit during the Period.

Prospect and Outlook

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

The Group will continue focusing on the opportunities in renovation works and fitting out works in Hong Kong, especially fitting-out projects for commercial premises and residential development.

The revenue of the Group grows rapidly in recent years as there was a relatively larger amounts of tenders awarded in recent years. With the large volume of the new tenders awarded, the unrecognised contract revenue was approximately HK\$233.9 million as at 30 September 2022, which was mainly contributed on the fitting out projects for commercial and residential development from leading listed property developers in Hong Kong and sizable developers from the PRC. The Management believed that the Group have to increase the manpower and the budget control of construction costs through fund raising activities to enlarge the size of the Group in coming future for purpose to handle the construction projects from large volume of the new tenders awarded as mentioned above.

The Board will keep to tender new fitting out and renovation projects. 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 by Northern Metropolis Development, 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 and bank borrowings. As at 30 September 2022, the Group had net current assets of approximately HK\$30.7 million (31 March 2022: net current assets of approximately HK\$25.7 million), net assets of approximately HK\$33.1 million (31 March 2022: net assets of approximately HK\$28.1 million), bank balances and cash of approximately HK\$6.3 million (31 March 2022: approximately HK\$7.8 million) and pledged bank deposit of approximately HK\$0.9 million (31 March 2022: approximately HK\$0.9 million).

Treasury Policy

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

Pledge of Assets

Certain cash deposits of the Group of approximately HK\$0.9 million as at 30 September 2022 (31 March 2022: approximately HK\$0.9 million) are charged to secure general banking facilities.

Capital Commitments

As at 30 September 2022, the Group did not have any material capital commitment.

Capital Structure

There has been no change in capital structure of the Company since 31 March 2022.

Significant Investments

As at 30 September 2022, there was no significant investment held by the Group (31 March 2022: Nil).

Acquisitions and Disposals of Subsidiaries

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

Foreign Exchange Exposure

The Group's business operations were conducted in Hong Kong and the transactions, monetary assets and liabilities of the Group were denominated in Hong Kong dollars and United States dollars. As at 30 September 2022, 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 2022, the Group had 54 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.

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

As at 30 September 2022, 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 2022
Chan Siu Chung	Beneficial owner	12,083,870	15.10%
Zhang Hai Wei – share options	Beneficial owner	1,083,870	1.35%
Cheung Hiu Tung – share options	Beneficial owner	1,083,870	1.35%

Mr. Chan held 10,600,000 Shares through Acropolis Limited in which Mr. Chan is the sole Director and shareholder. Also, Mr. Chan held 1,483,870 share options of the Company directly.

Save as disclosed above, none of the Directors and chief executive of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or its associated corporation as at 30 September 2022.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

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

As at 30 September 2022, so far as are known to any Directors of the Company, no person (other than the Directors or chief executive of the Company) had interests in the shares or underlying shares of the Company accounting to a substantial shareholder as recorded in the register required to be kept pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted the share option scheme on 30 September 2019 (the **"Share Option Scheme"**). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

Details of the Share Option Scheme are as follows:

1. Purposes

The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Group.

2. Eligible participants

The eligible participants include any employee, any Directors, any suppliers, any customers, any person or entity that provides research, development or other technological support, any Shareholder, any adviser or consultant of the Company, any of its subsidiaries or any entity in which the Group holds an equity interest, and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group.

3. Total number of Shares available for issue

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the total number of Shares in issue as at 30 September 2021, being the date of approval of the refreshment of 10% general scheme limit under the Share Option Scheme by the Shareholders (i.e. 8,000,000 Shares, representing approximately 10% of the total number of 80,000,000 Shares in issue as at 30 September 2021 and the completion of the Share Consolidation as at 7 April 2022).

There is no Shares available for issue under the Share Option Scheme as at the date of the 2022/2023 Interim Report as the 8,000,000 Shares mentioned above has been granted to certain eligible participants as at 15 August 2022. Details of the grant of share option was disclosed in the announcement of the Company dated 15 August 2022.

4. **Maximum entitlement of each participant**

The total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme (including both exercised and outstanding options) to each participant in any 12-month period must not exceed 1% of the Shares in issue for the time being (the “**Individual Limit**”). Any further grant of options to a participant in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders’ approval in the general meeting of the Company with such participant and his/her associates abstaining from voting.

Any grant of Options under the Share Option Scheme to a Director, chief executive or substantial shareholder of the Company or any of its respective associates must be approved by independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed grantee of the Options).

Where any grant of options to a substantial Shareholder or an independent non-executive Director (the “**INED**”) or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such further grant of options must be approved by the Shareholders.

5. **Period of the Share Option Scheme**

The Share Option Scheme will remain in force for a period of ten years commencing on 30 September 2019, being the date of adoption of the Share Option Scheme, to 29 September 2029.

6. Time of acceptance of the offer

An option may be accepted by a participant within 28 days from the date of the offer of grant of the option.

7. Minimum period for which an option must be held before it can be exercised

There is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised unless otherwise determined by the Directors and stated in the offer for the grant of options to a grantee.

8. Consideration for the option

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

9. Subscription price for Shares

The subscription price for the Shares under the Share Option Scheme will be a price determined by the Director, but shall not be less than the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer of the grant; and (c) the nominal value of a Share.

10. Transfer or assignment

An option is personal to the grantee and shall not be transferable or assignable.

11. Termination of the Share Option Scheme

The Company may by resolution in the general meeting at any time terminate the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

On 15 August 2022, 8,000,000 options were granted under the Share Option Scheme and the options were vested immediately at the date of grant. The closing price of the Company's shares immediately before the grant date was HK\$0.41 per Share. The fair value of the share options granted to Mr. Chan Siu Chung and Mr. Cheung Hiu Tung, the executive directors of the Company, were HKD191,789 and HKD191,789 respectively and the fair value of the share options granted to the class of other employees of the Company was HKD975,382. The fair value of the share options granted on 15 August 2022 was determined at the date of grant using the binominal model.

For the share options outstanding as at 1 April 2022 and 30 September 2022, all of the options were vested immediately at the date of grant.

Details of the options outstanding for the Period are as follows:

Grantees	Date of grant	No. of shares comprised in options				Outstanding as at 30 September 2022	Exercise price per share	
		As at 1 April 2022	Outstanding after Share Consolidation (Note)	Granted	Exercised			Lapsed
Executive directors								
Chan Siu Chung	15 November 2019	2,838,709	283,870	-	-	-	283,870	HK\$3.135
	12 July 2021	4,000,000	400,000	-	-	-	400,000	US\$0.1
	15 August 2022	-	-	800,000	-	-	800,000	HK\$0.447
Cheung Hiu Tung	15 November 2019	2,838,709	283,870	-	-	-	283,870	HK\$3.135
	15 August 2022	-	-	800,000	-	-	800,000	HK\$0.447
Zhang Hai Wei	15 November 2019	2,838,709	283,870	-	-	-	283,870	HK\$3.135
	12 July 2021	8,000,000	800,000	-	-	-	800,000	US\$0.1
Other employees								
	15 November 2019	14,193,350	1,419,355	-	-	-	1,419,355	HK\$3.135
	12 July 2021	8,000,000	800,000	-	-	-	800,000	US\$0.1
	15 August 2022	-	-	6,400,000	-	-	6,400,000	HK\$0.447
Total		42,709,677	4,270,965	-	-	-	12,270,965	

Note:

During the year ended 31 March 2022, the Company implemented the share consolidation of every ten shares of par value of US\$0.01 each into one Consolidated Share of par value of US\$0.1 each ("**Share Consolidation**"). The Share Consolidation were effective from 7 April 2022. Pursuant to the terms and conditions of the Share Option Scheme, the exercise price and the number of the outstanding share options granted under the Share Option Scheme have been adjusted accordingly with effect from 7 April 2022.

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 Period were Mr. Chan Siu Chung, Mr. Cheung Hiu Tung, Mr. Zhang Hai Wei, Mr. Yeung Chun Yue, David, Ms. Lai Wing Sze and Ms. Yu Wan Ki. The Company has made specific enquiries and all Directors have confirmed that they have complied with the required standards of dealings set out in the GEM Listing Rules during the Period.

MANAGEMENT CONTRACTS

No contracts, other than a contract of service with any Director or any person under the full-time 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 Period.

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 Period.

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 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

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

CORPORATE GOVERNANCE PRACTICES

The corporate governance principles of the Company emphasis a quality Board, sound internal controls, transparency and accountability to all shareholders. By applying rigorous corporate governance practices, the Company believes that its accountability and transparency will be improved thereby instilling confidence to the shareholders of the Company and the public. Throughout the 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.2.1 of the CG Code

Under provision A.2.1 of the CG Code, the role of the Chairman and the Chief Executive Officer should be performed by separate individuals. Mr. Chan Siu Chung is the Chairman who provides leadership for the Board. Mr. Chan Siu Chung as the Chairman ensures that all directors are properly briefed on issued arising at board meetings, and receive adequate information, both complete and reliable, in a timely manner. The executive directors of the Company collectively oversees the overall management of the Group in each of their specialized executive fields, which fulfils the function of Chief Executive Officer in substance. Therefore, the Company currently has not appointed its Chief Executive Officer to avoid the duplication of duties.

AUDIT AND RISK MANAGEMENT COMMITTEE

As at the date of this report, the Audit and Risk Management Committee was chaired by Mr. Yeung Chun Yue, David, an independent non-executive Director and the other members include Ms. Lai Wing Sze and Ms. Yu Wan Ki, all being independent non-executive Directors of the Company.

The Audit and Risk Management Committee's primary duties include ensuring that the Company's financial statements, annual, interim and quarterly reports and the auditor's report present a true and balanced assessment of the Company's and the Group's financial position; reviewing the Company's and the Group's financial control, internal control and risk management systems; and reviewing the Company's financial and accounting policies and practices. Other duties of the Audit and Risk Management Committee are set out in its specific terms of reference which are posted on the websites of the Company and of the Stock Exchange. The Audit and Risk Management Committee is provided with sufficient resources enabling it to discharge its duties.

The Audit and Risk Management Committee reviewed the Group's accounting principles, practices and compliance and financial report matters including the review of the unaudited condensed consolidated financial statements for the six months ended 30 September 2022.

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

Hong Kong, 14 November 2022

As at the date of this report, the Board comprises Mr. Chan Siu Chung, Mr. Cheung Hiu Tung and Mr. Zhang Hai Wei as Executive Directors, Mr. Yeung Chun Yue, David, Ms. Lai Wing Sze and Ms. Yu Wan Ki as Independent Non Executive Directors.