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ALLIED SUSTAINABILITY AND ENVIRONMENTAL CONSULTANTS GROUP LIMITED

沛然環保顧問有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8320)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE ACQUISITION AND CAPITAL INJECTION OF
35% EQUITY INTEREST IN THE TARGET COMPANY**

THE ACQUISITION AND CAPITAL INJECTION

The Board is pleased to announce that, on 18 December 2019, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Capital Injection and Equity Transfer Agreement with the Vendor, Dashi Intellitech, Mr. Li Kui and the Target Company, pursuant to which the Vendor agreed to sell an aggregate of approximately 31.5789% equity interest in the Target Company and the Purchaser agreed to acquire the same and further subscribe for additional equity interest (on an enlarged basis) by contributing capital injection to the Target Company at a total consideration of RMB7,000,000.

Upon completion of the Acquisition and Capital Injection, the Purchaser shall hold an aggregate of 35% equity interest (on an enlarged basis) in the Target Company and the financial results of the Target Company shall be included into the financial statements of the Group as share of results of an associate in the financial statements and with relevant disclosure notes.

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition and Capital Injection is more than 5% but less than 25%, the Acquisition and Capital Injection constitutes a disclosable transaction of the Company under the GEM Listing Rules.

The Acquisition and Capital Injection is subject to the fulfilment of a number of conditions precedents. As such, the Acquisition and Capital Injection may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE ACQUISITION AND CAPITAL INJECTION

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Upon completion of the Acquisition and Capital Injection, the Purchaser shall hold an aggregate of 35% equity interest (on an enlarged basis) in the Target Company.

THE CAPITAL INJECTION AND EQUITY TRANSFER AGREEMENT

The principal terms of the Capital Injection and Equity Transfer Agreement are summarized as follows:

Date: 18 December 2019

Parties:

- (1) 前海沛然環保顧問深圳有限公司 (Qianhai Allied Environmental Consultants Shenzhen Company Limited), an indirect wholly-owned subsidiary of the Company, as the Purchaser;
- (2) Mr. Shen Hong Ming (沈宏明) (“**Mr. Shen**”), being the 80% registered holder of the Target Company as at the date of this announcement, as the Vendor;

- (3) Dashi Intellitech, being the 5% registered shareholder of the Target Company as at the date of this announcement;
- (4) Mr. Li Kui (李奎), being the 15% registered shareholder of the Target Company as at the date of this announcement; and
- (5) the Target Company.

Equity Interest to be held by the Purchaser upon completion of the Acquisition and Capital Injection:

35% equity interest in the Target Company (on an enlarged basis)

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Vendor, Dashi Intellitech, Mr. Li Kui and the Target Company and (if applicable) their respective ultimate beneficial owners are all Independent Third Parties.

ASSETS TO BE ACQUIRED

Subject to the terms and conditions of the Capital Injection and Equity Transfer Agreement, the Vendor shall sell an aggregate of approximately 31.5789% equity interest in the Target Company and the Purchaser shall acquire the same from the Vendor and further subscribe for additional equity interest (on an enlarged basis) by contributing capital injection to the Target Company. Upon completion of the Acquisition and Capital Injection, the Purchaser shall hold an aggregate of 35% equity interest in the Target Company.

CONSIDERATION

The consideration of the Acquisition and Capital Injection in the total sum of RMB7,000,000 shall be settled in the following manner:

- (i) the Purchaser shall pay the first installment in the amount of RMB1,330,000 in one lump sum or in tranches within thirty (30) days from the date on which the Purchaser confirms that the conditions precedent have been satisfied or waived by the Purchaser in writing;

- (ii) the second installment shall be settled by the Purchaser by way of paying to the Target Company an amount of RMB4,670,000 on behalf of the Vendor for the settlement of the amount due by the Vendor to the Target Company. The second installment shall be payable upon change of business registration has been completed, but within four (4) months upon Completion;
- (iii) the remaining balance of the total consideration in the amount of RMB1,000,000 shall be paid by the Purchaser as additional capital injection into the Target Company in full within four (4) months upon Completion.

BASIS OF THE CONSIDERATION

The Consideration was determined by the Purchaser and the Vendor after arm's length negotiations with reference to the asset value and historical performance of the Target Company. The Directors consider that the terms and conditions of the Acquisition and Capital Injection to be fair and reasonable and are in the interests of the Company and its shareholders. The Consideration will be financed by the Group's internal resources and the net proceeds from the listing of shares of the Company on GEM.

CONDITIONS PRECEDENT

Completion is subject to a number of conditions precedent being satisfied (or waived, if applicable) including but not limited to:

- (a) all relevant completion documents are in order;
- (b) the future development plan of the Target Company has been agreed upon by the Vendor and the Purchaser;
- (c) all warranties, representations and undertakings by the Vendor remain true, accurate and not misleading in all respects;
- (d) there are no actual or potentials litigation proceedings against the Target Company;
- (e) there have not been any events which shall have material adverse effect on the transactions contemplated under the Capital Injection and Equity Transfer Agreement;
- (f) those persons nominated by the Purchaser being appointed as the directors of the Target Company;
- (g) the Vendor having signed non-competition undertakings to the satisfaction of the Purchaser;

- (h) the Vendor having entered into an agreement with the Purchaser and the Target Company, pursuant to which the Purchaser shall pay to the Target Company a sum of RMB4,670,000 on the Vendor's behalf for settlement and release of the amount due by the Vendor to the Target Company; and
- (i) the Purchaser being satisfied with its due diligence review on the Target Company.

COMPLETION

The completion of the Acquisition and Capital Injection shall take place on the day the Purchaser confirms in writing on the fulfilment or waiver of the conditions precedent as set out in the Capital Injection and Equity Transfer Agreement.

Upon completion of the Acquisition and Capital Injection, the parties shall proceed to apply for the change of business registration of the Target Company.

Upon completion of the Acquisition and Capital Injection, the Target Company will be owned by the Purchaser, Dashi Intellitech, Mr. Li Kui and the Vendor as to 35%, 4.75%, 14.25% and 46% respectively. The financial results of the Target Company will be included into the financial statements of the Group as share of results of an associate in the financial statements with relevant disclosure notes.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company is a private company principally engaged in providing green building and environmental consulting services in the PRC. It is committed to promote green building concepts and providing quality green building certification consulting services.

Set out below is the unaudited financial information of the Target Company for the two financial years ended 31 December 2017 and 2018 and the eleven months ended 30 November 2019:

	For the year		For the eleven
	ended 31 December		months ended
	2018	2017	30 November
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Turnover	9,823	8,426	9,418
Profit/(Loss) before taxation	1,101	(499)	26
Profit/(Loss) after taxation	1,118	(565)	66

As at 30 November 2019, the unaudited total assets value and net assets value of the Target Company were approximately RMB13,277,000 and RMB9,360,000 respectively.

REASONS AND BENEFITS OF THE ACQUISITION AND CAPITAL INJECTION

The Target Company is a private company principally engaged in providing green building and environmental consulting services in the PRC. It is committed to promote green building concepts and providing quality green building certification consulting services. As at March 2019, it has expanded to nearly 9 cities across the PRC, and has undertaken more than 350 consultation projects. The Acquisition and Capital Injection can strengthen the Company's market position in the green building consultancy market in the PRC and complement the existing businesses of the Group.

In addition, it is expected that the Acquisition and Capital Injection will (i) expand the Group's business scale and coverage; (ii) enhance the Group's market influence; and (iii) increase the Group's market share and competitiveness in the PRC, which can provide a good platform for the Company to develop sustainability and environmental consultancy services in the PRC. The projects of the Target Company are mainly located in first-tier cities in the PRC such as Beijing, Shanghai and Shenzhen etc.. Such locations are the key development areas of the Group's businesses. The Acquisition and Capital Injection will further facilitate the Group's regional development in those cities. Through capturing these opportunities for further development in the major cities in the PRC, the Group could continue to expand its geographical coverage in the PRC and keep pace with the rising market demand for environmental consultancy, solutions and products in the PRC.

Overall, the Acquisition and Capital Injection are expected to optimize the Group's business structure, market share, projects portfolio and influence in the green building consultancy market and the overall quality of its services. The Acquisition and Capital Injection will produce synergy effect in, in particular, increasing the corporate competitiveness in some regions in the PRC including but not limited to Beijing and Shanghai. It will also allow the Group to create greater benefits, value and rewards for its Shareholders.

Having considered the nature of and the benefits resulting from the Acquisition and Capital Injection, the Directors (including independent non-executive Directors) consider that the Acquisition and Capital Injection are carried out on normal commercial terms and is fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE GROUP AND THE PARTIES TO THE CAPITAL INJECTION AND EQUITY TRANSFER AGREEMENT

The Group and the Purchaser

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The principal activities of the Group (including the Purchaser) are the provision of consultancy services relating to green building certification consultancy, sustainability and environmental consultancy, acoustics, noise and vibration control and audio-visual design, consultancy and environmental, social and governance reporting consultancy in Hong Kong, Macau and the PRC.

The Vendor and the other parties

The Vendor and Mr. Li Kui are both businessman.

Dashi Intellitech is an industry – leading smart building and energy - saving service provider. It is a high-tech enterprise in Shenzhen.

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition and Capital Injection is more than 5% but less than 25%, the Acquisition and Capital Injection constitutes a disclosable transaction of the Company under the GEM Listing Rules and is subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

The Acquisition and Capital Injection is subject to the fulfilment of a number of conditions precedents. As such, the Acquisition and Capital Injection may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Acquisition and Capital Injection”	the acquisition and capital injection of an aggregate of approximately 35% equity interest in the Target Company (on an enlarged basis) by the Purchaser pursuant to the Capital Injection and Equity Transfer Agreement
“Board”	the board of Directors
“Capital Injection and Equity Transfer Agreement”	the capital injection and equity transfer agreement dated 18 December 2019 and entered into between the Purchaser, the Vendor, Dashi Intellitech, Mr. Li Kui and the Target Company in relation to the Acquisition and Capital Injection
“Company”	Allied Sustainability and Environmental Consultants Group Limited (沛然環保顧問有限公司), a company incorporated under the laws of the Cayman Islands with limited liability which is listed on GEM
“Completion”	completion of the Acquisition and Capital Injection
“Consideration”	the total consideration of the Acquisition and Capital Injection in the aggregate amount of RMB7,000,000
“Dashi Intellitech”	深圳達實智能股份有限公司 (Shenzhen Dashi Intellitech Co., Ltd.), a company established under the laws of the PRC with limited liability
“Director(s)”	director(s) of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries

“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) (has the meaning ascribed to it under the Listing Rules) of the Company and is/are independent of and not connected with the Company and directors, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“PRC”	the People’s Republic of China
“Purchaser”	前海沛然環保顧問深圳有限公司 (Qianhai Allied Environmental Consultants Shenzhen Company Limited), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	北京達實德潤能源科技有限公司 (Beijing Dashi Derun Energy Technology Co. Ltd.), a company established under the laws of the PRC with limited liability
“Vendor”	Mr. Shen Hong Ming (沈宏明)
“%”	per cent.

By Order of the Board
**Allied Sustainability and Environmental
Consultants Group Limited**
Kwok May Han Grace
Chairman and Executive Director

Hong Kong, 18 December 2019

As at the date of this announcement, the executive Director is Ms. Kwok May Han Grace (Chairman); the non-executive Director is Mr. Wu Dennis Pak Kit; and the independent non-executive Directors are Professor Lam Kin Che, Ms. Wong Yee Lin Elaine, Mr. Li Wing Sum Steven and Mr. Szeto Chi Hang Clive.

This announcement, for which the Directors collectively and individually accept full responsibility, includes 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, 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 herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcement” page on the GEM website at www.hkgem.com for at least 7 days from the date of this posting and on the website of the Company at www.asecg.com.