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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)

2020 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the “**Directors**” and the “**Board**”, respectively) of Allied Sustainability and Environmental Consultants Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) announces the unaudited interim results of the Group for the six months ended 30 September 2020. This announcement, containing the full text of the 2020 interim report of the Company (the “**2020 Interim Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to the information to accompany the preliminary announcement of interim results. Printed version of the 2020 Interim Report containing the information required by the GEM Listing Rules will be despatched to the shareholders of the Company in due course.

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

Hong Kong, 6 November 2020

As at the date of this announcement, the executive Directors are Ms. Kwok May Han Grace (Chairman) and Mr. Wu Dennis Pak Kit (Vice Chairman); 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 Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at www.asecg.com.

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Allied Sustainability and Environmental Consultants Group Limited (the “Company” and together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (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 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 herein or this report misleading.

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Financial Highlights

Revenue of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2020 amounted to approximately HK\$18.6 million while gross profit of the Group for the same period amounted to approximately HK\$9.2 million.

The net profit after tax of the Group for the six months ended 30 September 2020 amounted to approximately HK\$1.6 million, as compared with the net profit after tax of approximately HK\$1.4 million for the six months ended 30 September 2019, mainly because (i) the Group gradually minimised engaging subcontracting services relating to ecology and green building certification, environmental impact monitoring and laboratory testing works for the six months ended 30 September 2020 as the Group had sufficient in-house qualified staff to carry out such functions and (ii) the Group received government subsidy granted by the Hong Kong Government under the Employment Support Scheme to cope with the operating pressure caused by the Coronavirus Disease 2019 (the “COVID-19”).

The board of Directors (the “Board”) has resolved not to declare the payment of an interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

Unaudited Interim Condensed Consolidated Financial Statements

The Board is pleased to announce the unaudited interim consolidated results of the Group for the six months ended 30 September 2020, together with the relevant comparative unaudited/audited figures, which have not been audited nor reviewed by the independent auditor but have been reviewed and approved by the audit committee of the Company (the "Audit Committee"), as follows:

Unaudited Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2020

	Notes	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Revenue	5	10,122	10,822	18,598	20,648
Cost of services provided		(5,022)	(5,564)	(9,433)	(11,006)
Gross profit		5,100	5,258	9,165	9,642
Other income and gains	6	1,617	23	1,748	100
Administrative expenses		(4,929)	(3,951)	(8,684)	(8,017)
Finance costs	7	(79)	(74)	(171)	(109)
Profit before income tax	8	1,709	1,256	2,058	1,616
Income tax expense	9	(427)	(204)	(485)	(260)
Profit for the period wholly attributable to owners of the Company		1,282	1,052	1,573	1,356
Other comprehensive (loss)/income for the period wholly attributable to owners of the Company, net of tax item that will not be reclassified to profit or loss:					
– change in fair value of equity investments designated at fair value through other comprehensive income		(75)	(68)	128	(907)
Total comprehensive income for the period wholly attributable to owners of the Company		1,207	984	1,701	449
Basic earnings per share (HK cents)	10	0.10	0.09	0.12	0.12
Diluted earnings per share (HK cents)	10	0.10	0.09	0.12	0.11

Unaudited Interim Condensed Consolidated Statement of Financial Position

As at 30 September 2020

	Notes	Unaudited 30 September 2020 HK\$'000	Audited 31 March 2020 HK\$'000
Non-current assets			
Property, plant and equipment	12	1,386	1,420
Intangible assets		455	525
Interest in an associate	16	–	–
Right-of-use assets		6,530	8,467
Financial assets at fair value through other comprehensive income		259	1,161
Financial assets of fair value through profit or loss		3,008	3,008
Prepayments for intangible assets and deposit		938	938
Deferred tax assets		907	1,102
		13,483	16,621
Current assets			
Contract assets		42,330	40,733
Accounts receivable	13	8,340	12,136
Prepayments, deposits and other receivables		4,111	3,137
Pledged bank deposits		5,134	5,117
Cash and cash equivalents		16,679	8,092
		76,594	69,215
Current liabilities			
Accounts payable	14	437	1,055
Other payables and accruals		5,471	6,861
Bank loan		3,500	3,500
Contract liabilities		1,849	1,167
Lease liabilities		3,660	3,910
Current tax payable		450	160
		15,367	16,653
Net current assets		61,227	52,562
Total assets less current liabilities		74,710	69,183
Non-current liability			
Lease liabilities		3,046	4,737
Net assets		71,664	64,446
Equity			
Share capital	15	13,200	12,000
Reserves		58,464	52,446
Total equity		71,664	64,446

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2020

Wholly attributable to owners of the Company

	Share capital HK\$'000	Other reserves* HK\$'000	Revaluation reserve* HK\$'000	Shares held under share award scheme* HK\$'000	Share award reserve* HK\$'000	Retained profits/(accumulated losses)* HK\$'000	Total equity HK\$'000
At 1 April 2019	12,000	61,653	(309)	(5,077)	348	(3,139)	65,476
Profit for the period	-	-	-	-	-	1,356	1,356
Other comprehensive loss for the period:							
Change in fair value of equity investments designated at fair value through other comprehensive income	-	-	(907)	-	-	-	(907)
Total comprehensive income for the period	-	-	(907)	-	-	1,356	449
At 30 September 2019	12,000	61,653	(1,216)	(5,077)	348	(1,783)	65,925
At 1 April 2020	12,000	61,456	(2,534)	(4,411)	303	(2,368)	64,446
Profit for the period	-	-	-	-	-	1,573	1,573
Other comprehensive income for the period:							
Change in fair value of equity investments designated at fair value through other comprehensive income	-	-	128	-	-	-	128
Total comprehensive income for the period	-	-	128	-	-	1,573	1,701
Issuance of shares upon placing	1,200	4,104	-	-	-	-	5,304
Purchase of shares under share award scheme	-	-	-	(67)	-	-	(67)
Issuance of shares to share award grantee (Note)	-	(143)	-	143	-	-	-
Equity-settled share-based payments	-	-	-	-	280	-	280
At 30 September 2020	13,200	65,417	(2,406)	(4,335)	583	(795)	71,664

* These accounts comprise the unaudited interim condensed consolidated reserves of approximately HK\$58,464,000 (30 September 2019: HK\$53,925,000) in the unaudited interim condensed consolidated statement of financial position.

Note: The Company adopted a share award scheme on 8 February 2017. For details, please refer to the section headed "Share Award Scheme" in this report.

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2020

	Unaudited Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Cash flows from operating activities		
Profit before income tax	2,058	1,616
Adjustments for:		
Finance costs	171	109
Interest Income	(29)	(30)
Dividend Income	–	(70)
Depreciation of property, plant and equipment	387	222
Depreciation of right-of-use assets	1,937	511
Amortisation of intangible assets	70	–
Equity-settled share-based payment expenses	280	–
Reversal of impairment of account receivable, net	(771)	–
COVID-19-related rent concessions	(98)	–
	4,005	2,358
Increase in contract assets	(1,597)	(4,489)
Decrease/(increase) in accounts receivable	4,567	(2,211)
Increase in prepayments, deposits and other receivables	(974)	(2,184)
Decrease in accounts payable	(618)	(54)
Decrease in other payables and accruals	(1,390)	(383)
Increase in contract liabilities	682	328
Cash generated from/(used in) operations	4,675	(6,635)
Interest received	12	30
Hong Kong Profits Tax refund	–	781
Net cash generated from/(used in) operating activities	4,687	(5,824)
Cash flows from investing activities		
Additions of items of property, plant and equipment	(353)	(38)
Proceeds from disposal of equity investment classified as financial assets at fair value through other comprehensive income	1,295	–
Payments from acquisition of equity investment classified as financial assets at fair value through other comprehensive income	(265)	(3,000)
Net cash generated from/(used in) investing activities	677	(3,038)

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2020

	Unaudited Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Cash flows from financing activities		
Proceeds from completion of placing Interest-bearing bank loan obtained	5,304	–
Repayment of interest-bearing bank loan	7,000	7,000
Interest paid	(7,000)	(7,051)
Interest paid	(55)	(29)
Payment for purchase of shares under share award scheme	(67)	–
Principal element of lease rental paid	(1,843)	(363)
Interest element of lease rental paid	(116)	–
Net cash generated from/(used in) financing activities	3,223	(443)
Net increase/(decrease) in cash and cash equivalents	8,587	(9,305)
Cash and cash equivalents at beginning of the period	8,092	17,046
Cash and cash equivalents at end of the period	16,679	7,741
Analysis of balances of cash and cash equivalents		
Cash and bank balances	16,679	7,741

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2020

1. Corporate Information and Basis of Preparation

(a) Corporate Information

Allied Sustainability and Environmental Consultants Group Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The Company's subsidiaries were principally engaged in the provision of 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 ("ESG") reporting consultancy in Hong Kong, Macau and the People's Republic of China (the "PRC").

In the opinion of the directors of the Company, the ultimate holding company is Gold Investments Limited, a company incorporated in the British Virgin Islands (the "BVI"). Ms. Kwok May Han Grace, the chairman and an executive director of the Company and Mr. Wu Dennis Pak Kit, the vice chairman and an executive director of the Company, being the controlling shareholders of Gold Investments Limited, are the controlling shareholders of the Company.

This unaudited interim condensed consolidated financial information is presented in thousands Hong Kong dollars ("HK\$'000"), unless otherwise stated.

(b) Basic of Preparation

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 September 2020 (the "Financial Information") comprise the financial information of the audited Company and its subsidiaries and should be read in conjunction with the audited annual financial statements for the year ended 31 March 2020. Except for the adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1 April 2020, the accounting policies and methods of computation applied in preparing the Financial Information are consistent with those of the audited annual financial statements for the year ended 31 March 2020 as described in those annual financial statements.

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2020

1. Corporate Information and Basis of Preparation (Continued)

(b) Basic of Preparation (Continued)

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on these financial statements and major sources of estimation uncertainty are discussed in note 4.

All significant intragroup transactions and balances have been eliminated on consolidation.

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2020

2. Adoption of New and Revised Hong Kong Financial Reporting Standards

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2020. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations.

Application of new and amendments to HKFRSs

In the current period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 (Revised) and HKAS 8	Definition of Material
Amendments to HKFRS 3 (Revised)	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKAS 28	Long-term interests in Associates and Joint Venture

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

The amendment is effective for annual periods beginning on or after 1 April 2020. The amendment introduces a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 as if the changes were not a lease modification. Forgiveness or waiver of lease payment are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2020

3. Summary of Significant Accounting Policies

The accounting policies and methods of computation used in the Unaudited Interim Condensed Consolidated Financial Information are the same as those followed in the preparation of the audited consolidated financial statements of the Group for the year ended 31 March 2020 included in the 2020 annual report, except as below listed:

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the consolidated statement of profit or loss by way of a reduced depreciation charge.

4. Significant Accounting Estimates and Judgements

The preparation of these unaudited condensed consolidated financial statements requires the management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that may be subject to a material adjustment to the carrying amounts of the assets and liabilities affected in the future.

The key assumptions concerning the future and other key sources of estimating uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Revenue

The Group's revenue is derived from contracts with customers that the Group promises to provide consultancy services to the customer in accordance with the customer's specification. Under HKFRS 15, revenue is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date (i.e. costs incurred plus reasonable profit margin). Significant judgement is required in assessing whether such criteria are met. The Group has considered the terms explicitly stated in the contracts and the business practice in this industry. The directors of the Company assessed and concluded the services performed do not have any alternative use to the Group and the Group has an enforceable right to payment for performance completed to date, in particular, based on certain explicit terms in the contracts and the past practice which gives the Group the right to be paid for work done to date if the customer were to terminate the contract for reasons other than the Group's failure to perform as promised. Accordingly, revenue from provision of consultancy services is considered to be performance obligation to be satisfied over time.

Revenue and profit recognition on provision of consultancy services is dependent on the estimation of the progress of the satisfaction of performance obligation of a service contract over time. Based on the Group's past experience and the nature of the contractual activities undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and the revenue can be reliably estimated. Actual outcome in terms of total contract costs and/or revenue may be higher or lower than those estimated at the end of each reporting period, which would affect the revenue and profit recognised in future years.

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2020

4. Significant Accounting Estimates and Judgements (Continued)

Significant judgement is required to estimate the total contract costs and the recoverable variation works that will affect whether any provision is required for foreseeable losses. The estimates are made based on past experience and knowledge of the project management.

Provision of expected credit loss (“ECL”) for account receivable and contract assets

The Group uses provision matrix to calculate ECL for accounts receivable and contract assets. The provision rates are based on the Group’s historical settlement experience as groupings of various debtors that have similar loss patterns. The provision matrix is based on the provision rates, taking into forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, accounts receivable and contract assets with significant balances and credit impaired are assessed for ECL individually. The provision of ECL is sensitive to changes in estimates.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that non-financial assets, with definite useful lives, may be impaired. If any such indication exists, the Group estimates the recoverable amount of the assets in accordance with the accounting policy. In assessing whether there is any indication that non-financial assets may be impaired, the Group considers indications from both internal and external sources of information such as evidence of obsolescence or decline in economic performance of the assets, changes in market conditions and economic environment. These assessments are subjective and require management’s judgements and estimations.

During the six months ended 30 September 2020, no impairment loss on property, plant and equipment and intangible assets were recognised by the Group (30 September 2019: Nil).

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value of financial instruments

The best evidence of fair value is the published price quotations in an active market. In the absence of such information, the fair value is determined by the management. Such valuation is subject to limitations of the valuation models adopted and the uncertainty in estimates used by management in the assumptions. Should the estimates and the relevant parameters of the valuation models be changed, there would be material changes in the fair value of certain financial instruments without quoted prices.

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2020

5. Segment Information

For management purposes, the Group is divided into different business units based on their services and has four reportable operating segments as follows:

- (a) Green building certification consultancy segment involves consultancy on the application of green building certification for new buildings, existing buildings and interiors of buildings;
- (b) Sustainability and environmental consultancy segment involves consultancy on sustainability and environmental impact assessment for compliance with statutory requirements in relation to environmental impact and pollution control;
- (c) Acoustics, noise and vibration control and audio-visual design consultancy segment involves designs for architectural acoustic, mechanical vibration, noise control and audiovisual systems; and
- (d) ESG reporting and consultancy segment involves conducting assessment of the ESG system of clients, preparing report in compliance with the Stock Exchange's requirements pursuant to the ESG reporting guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange and Appendix 20 to the GEM Listing Rules, assisting clients in establishing comprehensive solutions to enhance ESG system and providing training and seminars to clients.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profits, which is a measure of adjusted profit before income tax. The adjusted profit before income tax is measured consistently with the Group's profit before income tax except that finance costs as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude property, plant and equipment, intangible assets, right-of-use assets, deferred tax assets, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, prepayments for intangible assets and deposit, prepayments, deposits and other receivables, pledged bank deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude bank loans, lease liabilities, current tax payable, other payables and accruals and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2020

5. Segment Information (Continued)

	Green building certification consultancy		Sustainability and environmental consultancy		Acoustics, noise and vibration control and audio-visual design consultancy		ESG reporting and consultancy		Total	
	Unaudited									
	Six months ended 30 September									
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Revenue – over time										
Hong Kong	8,780	8,871	3,092	5,662	4,512	3,297	1,333	1,328	17,717	19,158
Mainland China	323	942	–	–	27	339	268	157	618	1,438
Macau	157	–	–	6	–	46	–	–	157	52
Myanmar	106	–	–	–	–	–	–	–	106	–
Total revenue	9,366	9,813	3,092	5,668	4,539	3,682	1,601	1,485	18,598	20,648
Segment results	4,871	3,366	1,031	3,461	2,765	1,861	498	954	9,165	9,642
Reconciliation										
Unallocated income									1,748	100
Unallocated expenses									(8,684)	(8,017)
Finance costs									(171)	(109)
Profit before income tax									2,058	1,616
Segment assets	26,754	25,364	11,790	14,547	10,474	8,328	1,652	1,359	50,670	49,598
Reconciliation										
Unallocated assets									39,407	35,416
Total assets									90,077	85,014
Segment liabilities	795	620	892	146	335	47	264	–	2,286	813
Reconciliation										
Unallocated liabilities									16,127	18,276
Total liabilities									18,413	19,089
Unallocated:										
– Depreciation and amortisation									2,394	733
– Capital expenditure*									353	38

* Capital expenditure consists of additions to property, plant and equipment.

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2020

5. Segment Information (Continued)

(a) Geographical information

The geographical information above is based on the locations of the customers.

(b) Information about major customers

No revenue from a single external customer accounted for 10% or more of the Group's revenue for the six months ended 30 September 2019 and 2020.

6. Other Income and Gains

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Bank interest income	12	23	29	30
COVID-19-related-rent concessions	98	–	98	–
Government subsidy	1,469	–	1,469	–
Sundry income	38	–	152	70
	1,617	23	1,748	100

7. Finance Costs

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Interest on bank loan	25	28	55	63
Interest on lease liabilities	54	46	116	46
	79	74	171	109

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2020

8. Profit Before Income Tax

The Group's profit before income tax is arrived at after charging:

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Amortisation of intangible assets	35	–	70	–
Depreciation of property, plant and equipment	200	106	387	222
Depreciation of right-of-use assets	968	511	1,937	511
Employee benefit expense: (including directors' emoluments)				
– Salaries, allowances and benefit in kind	4,444	5,128	9,777	10,045
– Discretionary performance – related bonuses	742	–	742	–
– Retirement benefit scheme contributions (defined contribution scheme)	218	198	407	378
Minimum lease payments under operating leases for buildings	–	688	–	1,692

9. Income Tax Expense

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI (six months ended 30 September 2019: Nil).

In March 2018, the Hong Kong Government introduced a two-tiered profits tax rates regime by enacting the Inland Revenue (Amendment) (No. 3) Ordinance 2018 (the "Ordinance"). Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying corporations is taxed at 8.25% and the remaining assessable profits at 16.5%. The Ordinance is effective from the year of assessment 2018/19 onwards. Accordingly, the provision for Hong Kong Profits Tax for the current period is calculated in accordance with the two-tiered profits tax rates regime (six months ended 30 September 2019: 16.5%).

PRC Corporate Income Tax has been provided at the rate of 25% on the estimated assessable profits arising in the PRC for each of the reporting periods.

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Current – Hong Kong				
Charge for the period	232	–	290	–
Deferred tax	195	204	195	260
Income tax expense for the period	427	204	485	260

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2020

10. Earnings Per Share Attributable to Owners of the Company

(a) Basic earnings per share

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Profit for the period attributable to owners of the Company used in calculation basic earnings per share	1,282	1,052	1,573	1,356

	Unaudited Six months ended 30 September	
	2020 Number of shares	2019 Number of shares
Weighted average number of ordinary shares:		
Issued ordinary shares	1,180,800,000	1,177,900,000
Net effect of shares issued to the guarantees/ purchased in the open market under Share Award Scheme and issuance of shares upon placing of shares completed on 5 June 2020	79,046,831	1,534,426
Weighted average number of ordinary shares for the purpose of the basic earnings per share	1,259,846,831	1,179,434,426

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2020

10. Earnings Per Share Attributable to Owners of the Company (Continued)

The calculation of the diluted earnings per share attributable to owners of the Company is based on profit for the period attributable to owners of the Company and the adjusted weighted average number of ordinary shares outstanding of which are adjusted to assume exercise or conversion of all dilutive potential ordinary shares.

(b) Diluted earnings per share

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Profit for the period attributable to owners of the Company used in calculating diluted earnings per share	1,282	1,052	1,573	1,356

	Unaudited Six months ended 30 September	
	2020 Number of shares	2019 Number of shares
Weighted average number of ordinary shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings per share	1,259,846,831	1,179,434,426
Adjustment for calculation of diluted earnings per share:		
Share Award Scheme	11,937,830	4,751,218
Weighted average number of ordinary shares for the purpose of the diluted earnings per share	1,271,784,661	1,184,185,644

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2020

11. Dividends

The Board has resolved not to declare the payment of any dividend in respect of the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

12. Property, Plant and Equipment

	Furniture, fixtures and office equipment HK\$'000	Leasehold Improvement HK\$'000	Motor vehicles HK\$'000	Total HK\$'000				
30 September 2019								
At 1 April 2019:								
Cost	1,389	–	256	1,645				
Accumulated depreciation	(808)	–	(149)	(957)				
Net carrying amount	581	–	107	688				
At 1 April 2019, net of accumulated depreciation					581	–	107	688
Additions	38	–	–	38				
Depreciation provided during the period	(190)	–	(32)	(222)				
At 30 September 2019, net of accumulated depreciation	429	–	75	504				
At 30 September 2019:								
Cost	1,427	–	256	1,683				
Accumulated depreciation	(998)	–	(181)	(1,179)				
Net carrying amount	429	–	75	504				

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2020

12. Property, Plant and Equipment (Continued)

	Furniture, fixtures and office equipment HK\$'000	Leasehold Improvement HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
30 September 2020				
At 1 April 2020:				
Cost	1,167	1,391	256	2,814
Accumulated depreciation	(950)	(231)	(213)	(1,394)
Net carrying amount	217	1,160	43	1,420
At 1 April 2020, net of accumulated depreciation	217	1,160	43	1,420
Additions	353	–	–	353
Depreciation provided during the period	(123)	(232)	(32)	(387)
At 30 September 2020, net of accumulated depreciation	447	928	11	1,386
At 30 September 2020:				
Cost	1,520	1,391	256	3,167
Accumulated depreciation	(1,073)	(463)	(245)	(1,781)
Net carrying amount	447	928	11	1,386

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2020

13. Accounts Receivable

	Unaudited 30 September 2020 HK\$'000	Audited 31 March 2020 HK\$'000
Accounts receivable	12,524	17,091
Less: Allowance for credit losses	(4,184)	(4,955)
	8,340	12,136

Accounts receivable represent receivables for contract works. Accounts receivable are due within 0 to 30 days (31 March 2020: 0 to 30 days) from the date of billing. The Group maintains active and regular control over its outstanding receivables to minimise credit risk. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

An ageing analysis of the accounts receivable as at the end of each of the reporting periods, based on invoice date and net of impairment provisions, is as follows:

	Unaudited 30 September 2020 HK\$'000	Audited 31 March 2020 HK\$'000
Within 1 month	4,731	4,786
Over 1 month but less than 6 months	1,875	5,692
Over 6 months but less than 12 months	750	634
Over 12 months but less than 24 months	223	235
Over 24 months	761	789
	8,340	12,136

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2020

14. Accounts Payable

An ageing analysis of the accounts payable as at the end of each of the reporting periods, based on the invoice dates, is as follows:

	Unaudited 30 September 2020 HK\$'000	Audited 31 March 2020 HK\$'000
Within 1 month	85	268
Over 1 month but within 6 months	177	332
Over 6 months	175	455
	437	1,055

Accounts payable are non-interest-bearing and are normally settled within 30 days (31 March 2020: within 30 days).

15. Share Capital

	Number of shares	Amount HK\$'000
Authorised ordinary shares of HK\$0.01 each:		
As at 1 April 2019, 31 March 2020, 1 April 2020 and 30 September 2020	5,000,000,000	50,000
Issued and fully paid ordinary shares of HK\$0.01 each:		
As at 1 April 2019, 31 March 2020 and 1 April 2020	1,200,000,000	12,000
Placing of new shares (note)	120,000,000	1,200
As at 30 September 2020 (unaudited)	1,320,000,000	13,200

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2020

15. Share Capital (Continued)

Note:

On 15 May 2020, the Company entered into the placing agreement with Emperio Securities and Assets Management Limited (the "Placing Agent"), pursuant to which the Company has conditionally agreed to place, through the placing agent on a best efforts basis, up to 120,000,000 placing shares at the placing price of HK\$0.052 per placing share to not less than six placees who are professional, institutional, or other investors who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons. The placing shares were allotted and issued pursuant to the general mandate granted to the Board at the annual general meeting of the Company held on 12 August 2019.

The placing transaction was completed on 5 June 2020 and a total of 120,000,000 placing shares have been successfully issued pursuant to the terms and conditions of the placing agreement, representing approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares upon completion of the placing. The net proceeds from the Placing, after deducting commission and other relevant costs and expenses, amounted to approximately HK\$5.2 million.

For details of the placing, please refer to the announcement of the Company dated 15 May 2020 and 5 June 2020.

16. Interests in an Associate

Details of the Group's associate at the end of the six months ended 30 September 2020 are as follows:

Name of associate	Form of business structure	Place of incorporation	Proportion of equity interests and voting rights held by the Company				Principal activity
			Unaudited				
			Six months ended 30 September				
2020		2019					
Directly	Indirectly	Directly	Indirectly				
AEC Capital International Limited	Incorporated	British Virgin Islands ("BVI")	25%	-	-	-	Investment holding

No financial information of the associate has been disclosed in these unaudited interim condensed consolidation financial statements as the associate did not commence business during the six months ended 30 September 2020.

17. Comparative Figures

For the comparative figures of the unaudited interim condensed consolidated statement of cash flows, time deposits up to three months was excluded from "Analysis of balances of cash and cash equivalents" and the time deposits up to three months adjusted to be disclosed in "pledged bank deposits" under unaudited interim condensed consolidated statement of financial position.

18. Approval of the Unaudited Interim Condensed Consolidated Financial Statements

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board on 6 November 2020.

Management Discussion and Analysis

Industry Review

The Group sees potential opportunities in providing green building certification consultancy and sustainability and environmental consultancy services with the metropolisation and surging population in Hong Kong. The Environmental Protection Department of Hong Kong, along with other relevant government departments, have implemented various laws regulating environmental issues, such as the Environmental Impact Assessment Ordinance (《環境影響評估條例》) (Chapter 499 of the laws of Hong Kong) which has made the preparation of the environmental impact assessment report a mandatory requirement before the construction and operation of various types of designated projects. Moreover, environmental impact assessment usually forms part of the planning application under the Town Planning Ordinance (《城市規劃條例》) (Chapter 131 of the laws of Hong Kong) or is required as one of the conditions of development projects.

The Buildings Energy Efficiency Ordinance (《建築物能源效益條例》) (Chapter 610 of the laws of Hong Kong) imposes mandatory control requirements for building development works in Hong Kong on building developers and owners. It indicates the importance of energy saving performance of both public and residential buildings and leads to a demand for sustainability and environmental consultancy and green building certification consultancy services. The Hong Kong Government also issued (i) the Practice Note of Sustainable Building Design Guidance to enhance the quality and sustainability of the built environment in Hong Kong; (ii) the Works Technical Circulars of Green Government Building to integrate green features in government managed buildings; and (iii) the Energy Saving Plan (《香港都市節能藍圖》) to cap the energy consumption of buildings and form the basis of general development schemes or reports related to the energy saving strategy in Hong Kong. It imposes a mandatory requirement on new government buildings with construction floor area of more than 5,000 square metres with central air conditioning or more than 10,000 square metres to achieve at least the standard of BEAM Plus Gold. The Hong Kong Housing Authority also requires public housing development to obtain BEAM Plus Gold award or above to be qualified as a green housing design. According to the Residential Properties (First-hand Sales) Ordinance (《一手住宅物業銷售條例》) (Chapter 621 of the laws of Hong Kong), a BEAM Plus certification is required in order to obtain the concession on gross floor area for certain green and amenity features in development projects.

Business Review

The Company's subsidiaries are specialised in the provision of (i) green building certification consultancy; (ii) sustainability and environmental consultancy; (iii) acoustics, noise and vibration control and audio-visual design consultancy; and (iv) ESG reporting and consultancy. The four business segments contributed approximately 50.4%, 16.6%, 24.4% and 8.6% to the Group's overall revenue for the six months ended 30 September 2020, respectively. For the six months ended 30 September 2020, the Group derived the majority of its revenue from green building certification consultancy, and acoustics, noise and vibration control and audio-visual design consultancy.

Green Building Certification Consultancy

This segment mainly provides environmental design and one-stop certification application services for developers and owners to enhance environmental performance and sustainability of their buildings. The Group provides professional consultancy services for its customers to meet global green building standards, including but not limited to Building Environmental Assessment Method (BEAM/BEAM Plus), Leadership in Energy and Environmental Design (LEED) and China Green Building Design Label (China GBL). As at 30 September 2020, the Group had 190 (as at 30 September 2019: 196) projects on hand which were mainly from property developers, contractors, architects, designers and government departments.

Sustainability and Environmental Consultancy

This segment is mainly engaged in the provision of sustainable design solutions to architects for urban regeneration, sustainable development and integrated planning. The solutions include but not limited to providing environmental impact assessment, noise impact assessment, air quality impact assessment, air ventilation assessment, carbon/energy audit and built environmental study. As at 30 September 2020, the Group had 90 (as at 30 September 2019: 104) projects on hand which were mainly from property developers, contractors, architects, designers and government departments.

Acoustics, Noise and Vibration Control and Audio-visual Design Consultancy

This segment provides services to assist architects and engineers to test and evaluate environmental performance of various materials and products for buildings. The services include but are not limited to architectural acoustics, building acoustics, mechanical service and airborne noise control, sound reinforcement and public address system, architectural and facade lighting system as well as theatre planning and stage equipment system. As at 30 September 2020, the Group had 76 (as at 30 September 2019: 72) projects on hand which were mainly from property developers, architects and designers.

ESG Reporting and Consultancy

This segment provides consultancy services on ESG Reporting to those companies listed on the Stock Exchange, which is required by the Stock Exchange to encourage listed companies to identify and disclose ESG issues and key performance indicators that are non-financial information but reflect significant environmental and social impacts, and ultimately influence the assessments and decisions of stakeholders. The Group provides a one-stop solution for identifying the material aspects of ESG issues and formulating ESG implementation plan for the preparation of an ESG report. As at 30 September 2020, the Group had 62 (as at 30 September 2019: 38) projects on hand across various industries.

Prospects

It is the Group's all-time commitment of continuing to serve Hong Kong and benefit the society in the future, and also our vision to expand the business to all over the world. Apart from the market in Hong Kong, the Group is endeavoring to expand our project portfolio across the Southeast Asia and other regions in the long run under the development plan of the Belt and Road Initiative. During the six months ended 30 September 2020, the Group has successfully secured a green building consultancy contract in Yangon, Myanmar, which laid the foundation for expansion of our business. In the coming year, the Company will set up companies in Thailand and Singapore to explore business opportunities for the provision of one-stop on-demand services for customers in Southeast Asia covering five business areas, including (a) green and healthy building; (b) acoustics, audiovisual, lighting and theatre planning; (c) environmental consultancy and sustainable design; (d) green finance, sustainability strategies and ESG; and (e) Smart & Green Internet of Things ("IoT"). The Group will continue to look for other possible opportunities to develop its business to different countries and regions in order to expand its geographical coverage of environmental consultancy, solutions and products.

According to the consultation conclusion on "Review of the ESG Reporting Guide and related Listing Rules" published by the Stock Exchange in December 2019, a number of significant improvements to the ESG governance and disclosure framework for Hong Kong-listed companies have been put forward to support and improve listed companies' governance and disclosure of ESG activities and metrics, which has taken effect since July 2020. We believe that the enhanced ESG disclosures will result in the increase in demand for ESG consultancy services, which would widen the Group's business scope in this segment. In coming year, the Group will offer a full spectrum of green finance, sustainability and ESG advisory services, which involve ESG compliance and due diligence services covering local and international reporting standards, ESG enhancement services covering global sustainability initiatives, as well as green finance consultancy services from planning, execution to completion. Through our services, we aim to not only focus on compliance but also enhancement towards designated ESG targets, so as to reveal the true value of our clients' businesses and deliver sustainable value to their stakeholders.

Prospects (Continued)

Furthermore, in May 2020, the Hong Kong Monetary Authority and the Securities and Futures Commission initiated the establishment of the Green and Sustainable Finance Cross-Agency Steering Group, which aims to coordinate the management of climate and environmental risks to the financial sector, accelerate the growth of green and sustainable finance in Hong Kong and support the Hong Kong Government's climate strategies. In June 2020, Hong Kong Exchanges and Clearing Limited ("HKEX") has announced plans to launch the HKEX Sustainable and Green Exchange ("STAGE"). This pioneering new information platform is the first-of-its kind in Asia, and will act as a central hub for data and information on sustainable and green finance investments in the region, with a view to promoting the visibility, transparency, and accessibility of sustainable and green financial products.

With the growing awareness on green finance and investment, it is believed that there will be higher demand for green finance and impact investment consultancy services in Hong Kong and Southeast Asia. Given the Group's active involvement in several professional bodies and collaboration with various technical partners, we are prepared to capture the growing business opportunities driven by the region's green finance development through providing one-stop green finance consultancy services from planning to completion, covering green finance framework development, verification and fundraising through licensed financial institution partners, etc.. The Group will keep monitoring the market circumstances to identify and seize the opportunities for the interests of our shareholders.

After the outbreak of COVID-19 all over the world, people start to take action and focus on public health and overall well-being, and the collective ability to prepare for and respond to global health challenges. Meanwhile, climate change has posed various threats to our living environment, including rising temperature and extreme weather conditions. When it comes to facing these interconnected crises, a green recovery from the COVID-19 pandemic could help address both human and global health issues. The Directors believe that there will be more business opportunities for green and healthy buildings in the long run, and we will continue to look for opportunities to participate in these projects so as to join hands with all sectors to shape a healthy and sustainable environment.

Financial Review

Revenue

The total revenue of the Group decreased from approximately HK\$20.6 million for the six months ended 30 September 2019 to approximately HK\$18.6 million for the six months ended 30 September 2020, representing a decrease of 9.9%. As at 30 September 2020, the Group had 418 projects on hand (as at 30 September 2019: 410 projects), the aggregate contract sum of which amounted to approximately HK\$168 million.

The revenue of green building certification consultancy decreased by 4.6% from approximately HK\$9.8 million for the six months ended 30 September 2019 to approximately HK\$9.4 million for the six months ended 30 September 2020. The slight decrease in revenue was resulted from a slowdown in the progress of the contracted service work of our ongoing projects attained in the segment under the impact of COVID-19.

The revenue of sustainability and environmental consultancy significantly decreased by 45.4% from approximately HK\$5.7 million for the six months ended 30 September 2019 to approximately HK\$3.1 million for the six months ended 30 September 2020, which was mainly due to decline of new contracts awarded to the Group as the keen competition in this segment, where more competitors bid the projects with prices lower than the average market price.

The revenue of acoustics, noise and vibration control and audio-visual design consultancy increased by approximately 23.3% from approximately HK\$3.7 million for the six months ended 30 September 2019 to approximately HK\$4.5 million for the six months ended 30 September 2020 which was mainly driven by an increment of new contracts awarded to the Group.

The revenue of ESG reporting and consultancy increased by 7.8% from approximately HK\$1.5 million for the six months ended 30 September 2019 to approximately HK\$1.6 million for the six months ended 30 September 2020, which was because we have been engaged to provide sustainability consultancy services of ESG reporting to more listed companies clients.

Financial Review (Continued)

Revenue (Continued)

	2020		2019		Increase/(Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Green building certification consultancy	9,366	50.4	9,813	47.5	(447)	(4.6)
Sustainability and environmental consultancy	3,092	16.6	5,668	27.5	(2,576)	(45.4)
Acoustics, noise and vibration control and audio-visual design consultancy	4,539	24.4	3,682	17.8	857	23.3
ESG reporting and consultancy	1,601	8.6	1,485	7.2	116	7.8
Total	18,598	100	20,648	100.0	(2,050)	(9.9)

Cost of Services Provided and Gross Profit

The majority of the Group's cost of services provided comprised subcontracting cost and direct labour cost. The Group's cost of services provided declined by approximately 14.3% from approximately HK\$11.0 million for the six months ended 30 September 2019 to approximately HK\$9.4 million for the six months ended 30 September 2020, which was mainly driven by a gradual decline in subcontractor cost as our in-house qualified staff are engaged to carry out some of the tasks which were previously outsourced to subcontractors including noise monitoring and data collection.

The Group's gross profit decreased by approximately 4.9% from approximately HK\$9.6 million for the six months ended 30 September 2019 to approximately HK\$9.2 million for the six months ended 30 September 2020, which was primarily due to the decrease in revenue and gross profit of sustainability and environmental consultancy segment, resulting from the keen competition in this segment during the six months ended 30 September 2020.

Financial Review (Continued)

Administrative Expenses

The Group's administrative expenses increased by approximately 8.3% from approximately HK\$8.0 million for the six months ended 30 September 2019 to approximately HK\$8.7 million for the six months ended 30 September 2020 because the Group granted certain one-off special bonus to reward its loyal employees and to appreciate their contribution during the difficult time under the COVID-19 pandemic.

Profit Attributable to the Owners of the Company

The profit of the Group was approximately HK\$1.6 million for the six months ended 30 September 2020 as compared to the profit of approximately HK\$1.4 million for the corresponding period in 2019, mainly attributed to our continued strengthened cost control on subcontractor cost and professional services fees during the six months ended 30 September 2020, coupled with reversal of ECL for accounts receivables due to decrease in accounts receivables for the six months ended 30 September 2020 as compared with the balance of accounts receivables as at 31 March 2020. The profit is added by the government subsidy received by the Group under "Employment Support Scheme" under the "Anti-epidemic Fund".

Net Cash Generated from/(Used in) Operating Activities

The Group's net cash generated from operating activities for the six months ended 30 September 2020 was approximately HK\$4.7 million, whereas there was net cash used in operating activities of approximately HK\$5.8 million for the six months ended 30 September 2019 which was mainly due to decrease in accounts receivable for the six months ended 30 September 2020.

Liquidity, Financial Resources and Capital Structure

Historically, the Group has met the liquidity and capital requirements primarily through operating cash flows, bank borrowings and capital contribution from its shareholders.

The Group requires cash primarily for working capital needs. As at 30 September 2020, the Group had approximately HK\$16.7 million of cash and bank balances (as at 31 March 2020: approximately HK\$8.1 million), representing an increase of approximately HK\$8.6 million as compared to those as at 31 March 2020.

The Group monitors its liquidity requirements on a short to medium term basis and arranges refinancing of the Group's bank borrowings (including short-term bank loan) as appropriate. The bank borrowings are secured, repayable on demand and denominated in Hong Kong dollars, and bear interest at a floating rate. As at 30 September 2020, the Group had banking facilities in an aggregate amount of approximately HK\$7.5 million, of which approximately HK\$4 million was unutilised.

Interim Dividend

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 September 2020 (30 September 2019: Nil).

Financial Review (Continued)

Employees and Remuneration Policies

As at 30 September 2020, the Company had a total of 62 employees (31 March 2020: 56). The Company's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Company recognizes the importance of a good relationship with its employees. The remuneration payable to its employees includes salaries and allowances.

Use of Proceeds ("UOP") from the Listing

As at 30 September 2020, the net proceeds ("Net Proceeds") from the initial public offering of the Company (the use of which has been changed on 8 August 2018, 25 March 2019 and 20 December 2019, as detailed in the 2020 annual report of the Company) have been applied and utilized as follows:

Proposed use of Net Proceeds after the third change in UOP on 20 December 2019	Note	Adjusted planned use of Net Proceeds HK\$'000	Approximate	Actual use of	Unused	Approximate	Expected timeline for utilization of the remaining Net Proceeds
			percentage of total adjusted planned use of Net Proceeds	Net Proceeds up to 30 September 2020 HK\$'000	Net Proceeds up to 30 September 2020 HK\$'000	percentage of total remaining unutilised Net Proceeds up to 30 September 2020	
Expand into the PRC market through acquisition or establishment of subsidiaries	1	7,800	62.4%	-	7,800	100%	On or before 31 August 2021
Provide funding for the Group's working capital and other general corporate purposes		4,700	37.6%	4,700	-	-	-
Total		12,500	100%	4,700	7,800	100%	

Note 1: The Group entered into an equity transfer agreement signed on 18 December 2019 in relation to the acquisition of and capital injection in 35% equity interest of a target company (namely Beijing Dashi Derun Energy Technology Co. Ltd. (北京達實德潤能源科技有限公司)) at the total consideration of RMB7,000,000 (the "Acquisition") (equivalent to approximately HK\$7,700,000). The actual use of the remaining Net Proceeds of approximately HK\$7.8 million was slower than planned because the relevant parties were still in the course of preparing and obtaining various completion documents and completion of the Acquisition has not yet taken place as of the date of this report. It is expected the unused Net Proceeds will be utilised following the completion of the Acquisition which is expected to take place on or before 31 August 2021.

Placing of shares under general mandate

On 15 April 2020, the Company entered into a placing agreement with Emperio Securities and Assets Management Limited (the “Placing Agent”) to place, on a best efforts basis, up to 150,000,000 ordinary shares of HK\$0.01 each in the capital of the Company (“Share(s)”) at the placing price of HK\$0.049 per placing share. The placing shares were to be allotted and issued pursuant to the general mandate granted to the Directors pursuant to the ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 12 August 2019 to allot, issue and deal with up to a maximum of 240,000,000 Shares (“General Mandate”). The said placing agreement lapsed on 30 April 2020 and has ceased to have any effect therefrom, and the placing thereunder did not proceed. For details of the intended placing, please refer to the announcements of the Company dated 15 April 2020 and 29 April 2020.

On 15 May 2020, the Company entered into another placing agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 120,000,000 Shares at the placing price of HK\$0.052 per placing share to not less than six placees who are professional, institutional, or other investors who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons, where the placing shares were to be allotted and issued pursuant to the General Mandate. The placing price represents a discount of approximately 10.34% to the closing price of HK\$0.058 per Share as quoted on the Stock Exchange on 15 May 2020 (being the date of the placing agreement) and equals to the average closing price of HK\$0.052 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding 15 May 2020.

Completion of the placing took place on 5 June 2020 upon which a total of 120,000,000 placing shares have been successfully placed by the Placing Agent to not less than six placees pursuant to the terms and conditions of the placing agreement.

Placing of shares under general mandate (Continued)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the placees and their ultimate beneficial owners (if applicable) were (i) independent of the Company and the Group, its connected persons and their respective associates; and (ii) independent of and not concerted parties with any persons, other placees or Shareholders. None of the placees has become a substantial Shareholder of the Company immediately after completion of the placing.

The aggregate nominal value of the placing shares is HK\$1,200,000. The maximum gross proceeds and net proceeds (after deducting commission of 15% to the aggregate consideration received by the Company, and other relevant costs and expenses) from the placing are HK\$6,240,000 and approximately HK\$5,200,000 respectively. The net issue price is approximately HK\$0.043 per placing share.

The Directors are of the view that the placing represents a good opportunity for the Company to broaden its shareholders' base and raise additional funds at a reasonable cost. The Directors consider that the placing is in the interest of the Company and the Shareholders as a whole, that the terms of the placing agreement including the placing price and the commission to the Placing Agent are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Net proceeds in the amount of approximately HK\$5,200,000 were intended to be used for general working capital for the Group including for payroll to employees, rental payment and office expenses in the aggregate amount of approximately HK\$2.5 million per month. As at 30 September 2020, the net proceeds has been fully utilized for the purpose of payroll to employees and office rental payment during the period from July 2020 to September 2020.

For details of the placing, please refer to the announcements of the Company dated 15 May 2020 and 5 June 2020.

Gearing Ratio

The gearing ratio of the Group, calculated as total borrowings divided by total share capital and reserves, was approximately 4.9% as at 30 September 2020 (31 March 2020: 5.4%).

Foreign Exchange Exposure

The Group mainly operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars. Nevertheless, the Directors will closely monitor the Group's foreign currency exposure and consider natural hedge technique to manage its foreign currency exposures by non-financial methods, managing the transaction currency, leading and lagging payments, receivables management, etc. The Company did not engage in any derivatives agreement and did not commit any financial instruments to hedge its foreign exchange exposure during the six months ended 30 September 2020.

Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the six months ended 30 September 2020. 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.

Significant Investments and Future Plans for Material Investments and Capital Assets

Saved as disclosed in this report, as at 30 September 2020, the Group did not hold any significant investments in equity interest in any other companies nor definite future plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries, Associates or Joint Ventures

Acquisition of equity interest in a PRC company

On 18 December 2019, 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 (“Purchaser”), entered into a capital injection and equity transfer agreement with Mr. Shen Hong Ming (“Vendor”), 深圳達實智能股份有限公司 (Shenzhen Dashi Intellitech Co., Ltd.), Mr. Li Kui and 北京達實德潤能源科技有限公司 (Beijing Dashi Derun Energy Technology Co. Ltd, as the target company) (“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 by contributing capital injection to the Target Company at a total consideration of RMB7,000,000 (equivalent to approximately HK\$7.7 million).

The Target Company is a private company principally engaged in providing green building and environmental consulting services in the PRC. The Directors expected that the said acquisition and capital injection would (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.

Upon completion, the Target Company will be owned as to 35.0% by the Purchaser and the financial results of the Target Company will be included into the consolidated financial statements of the Group as share of results of an associate. As at the date of this report, completion of the Acquisition has not yet taken place but the Company expects completion will take place on or before 31 August 2021.

The above transaction constituted a discloseable transaction of the Company. Further details of the Acquisition are set out in the Company’s announcement dated 18 December 2019.

Disposal of listed securities on 19 May 2020

On 19 May 2020, AEC Group Limited, a wholly-owned subsidiary of the Company, sold an aggregate of 2,280,000 ordinary shares in Sanbase Corporation Limited (“Sanbase”, a company listed on GEM of the Stock Exchange, stock code: 8501), representing approximately 1.14% of the entire issued share capital of Sanbase, through a series of transactions on the open market at an aggregate consideration of HK\$1,299,600 (exclusive of transaction costs) at the selling price of HK\$0.57 per share of Sanbase. Immediately after the disposals, the Company continued to hold 576,000 shares of Sanbase, representing approximately 0.29% of the entire issued share capital of Sanbase, for investment purpose. The disposals constituted a discloseable transaction of the Company under the GEM Listing Rules. For details of the disposals, please refer to the announcement of the Company dated 19 May 2020.

Save as disclosed above, the Group had no other material acquisitions or disposals of subsidiaries, associates or joint ventures during the six months ended 30 September 2020.

Establishment of Associates or Joint Ventures

Investment in an Associate

On 16 July 2020, AEC Capital International Limited (“AEC Capital Int’l”) was incorporated in the British Virgin Islands which was owned by AEC Group Limited (25%), Gold Impact Investments Limited (“Gold Impact”) (55%) and an independent third party (20%). The shareholding of AEC Capital Int’l was subject to change in the future. Gold Impact, a company owned as to 30% by Ms. Kwok May Han, Grace and 70% by Mr. Wu, Dennis Pak Kit, both being executive Directors. AEC Capital Int’l is an investment holding company and its wholly-owned subsidiary AEC Capital Limited is a financial services firm and principally engaging in sustainable financing, investment management, capital raising and real estate in Asia-Pacific Region.

Letter of intent to formation of Joint Venture

On 28 September 2020, the Company has entered into a non-legally binding letter of intent with New City Development Group Limited (a company listed on the Main Board of the Stock Exchange with Stock Code: 456) (“NCD”). Pursuant to the letter of intent, NCD and the Company would conduct further negotiations on a possible formation of a joint venture company (“JV Co”) to be 50% owned by NCD and 50% owned by the Company. The new cooperation and collaboration between NCD and the Company to be carried out by the JV Co involve green, smart and healthy building consultancy expertise from the Group and property development expertise from NCD. The collaboration will assist NCD and its clients to create green, smart and healthy community including but not limited to those places such as Hong Kong, mainland China, Asia-Pacific Region and other locations covered by the Belt and Road Initiative. The collaboration will also provide one-stop on-demand green properties development services exclusively for NCD and its clients covering three major business areas, including (a) green and healthy building; (b) acoustics, audiovisual, lighting and theatre planning; and (c) property development services. Under the potential joint venture, NCD shall appoint the Company as its sustainability strategy, environment, social and governance and green finance consultant. For details, please refer to the announcement of the Company dated 28 September 2020.

The Company and NCD will further negotiate exclusively on the scope, principles and other details of the collaboration for a period of 6 months from the signing of the letter of intent, or such other period as mutually agreed between them. The negotiation is expected to be completed by the end of March 2021.

Corporate Guarantee and Pledge of Assets

As at 30 September 2020, the Group's bank borrowings were guaranteed or secured by its assets below:

- (i) corporate guarantees provided by the Company; and
- (ii) the pledge of the Group's bank deposits of approximately HK\$5.1 million as at 30 September 2020 (31 March 2020: approximately HK\$5.0 million).

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 September 2020 (31 March 2020: Nil).

Capital Commitments

During the six months ended 30 September 2020 and the year ended 31 March 2020, the Group has committed to acquire an aggregate of approximately 35% equity interest in the Target Company by acquisition of existing equity interest and subscription for additional equity interest by capital injection to the Target Company at a total consideration of RMB7,000,000. For details, please refer to the announcement of the Company dated 18 December 2019.

On 28 September 2020, the Company entered into a non-legally binding letter of intent with NCD for the potential formation of the JV Co. For details, please refer to the paragraph headed "Intention to formation of Joint Venture" under "Establishment of Associates or Joint Ventures" under this section. The total investment for the establishment and operation of JV Co is still under negotiation between the parties. Nevertheless, the Company expects all capital to be injected by the Group to JV Co will be funded by the internal resources of the Group.

Financial Risk Management

Risk management is carried out by the Company's finance department under the policies approved by the Board. The finance department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides guidance for the overall risk management and specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Principal Risks and Uncertainties

The Group's financial condition, operation and business prospect may be affected by the following principal risks and uncertainties directly or indirectly. There may be other risks and uncertainties in addition to those shown below which are not presently known to the Group or currently deem immaterial but may adversely affect the Group in future.

1. Reliance on bidding for revenue

Over 90% of the Group's revenue were derived from projects awarded through bidding which are not recurrent in nature and there is no assurance that its customers will provide it with new businesses in the future. The ability of the Group to achieve success in the bidding processes will be essential to its revenue.

In view of the intense market competition, the Group's project team has dedicated more time and efforts in exploring additional business opportunities or strengthening its professional accreditations, such as:

- (i) submitting bidding for other types of properties (e.g. infrastructure projects) in the sustainability and environmental consultancy sector;
- (ii) encouraging its project team members to obtain the new certifications in the green building certification consultancy sector as it may increase the credibility of the Group, thereby increasing its competitiveness and successful rate in bidding; and
- (iii) extending its scope of services to lighting design projects in the acoustic, noise and vibration control, and audio-visual designs sector.

The Group also involved more professional staff in the bidding process of a project, including preparing fee proposals, dealing with potential clients and negotiating the service fees after the bid, in order to secure more projects on hand and to maximise the profitability of the Group. These measures lead to a further increase in such costs.

To diversify the Group's reliance on bidding for new business, the Group also sends its project team members to collaborate with engineering consultancy companies in the industry as it plans to venture to provide services for other types of property in the sector of sustainability and environmental consultancy.

2. Keen competition

There is no legal entry barrier to the industry. The Group faces keen competition from the other players in the market, some of which may have greater financial and other resources, a larger variety of services, greater pricing flexibility, stronger brand recognition or more established and solid customer base.

Principal Risks and Uncertainties (Continued)

3. Additional operating costs for team expansion

In view of the intense competition in the market, the Group has further strengthened and expanded its in-house team of professional staff. The expansion of the in-house team resulted in a decrease in gross profit. There is a risk that incurrence of such additional costs might not generate revenues proportionately.

The Board is of the view that the new staff members can strengthen the Group's ability to secure bids in the future and maintain its relationship with existing clients. They can also share their work experience they gained with their previous firms and bring synergy to the Group. The Board thus believes that the expansion of its in-house team is beneficial to the gross profit margin in the future.

Furthermore, the Group's pricing and revenue recognition are determined based on the estimated time and costs to be involved in a project which may deviate from the actual time and costs involved and any material inaccurate estimation may adversely affect its financial results. It is essential that the Group controls and manages its costs of services carefully and effectively.

The costs of services include both direct labour costs and sub-contractors costs. The Board will continue to adjust the proportion of consultancy work between those outsourced to sub-contractors and performed by the in-house team with an aim to improve the service quality and to enhance our profitability.

Events After the Reporting Period

Formation of Hong Kong subsidiary

On 19 October 2020, the Company incorporated a company in Hong Kong, namely Sustainability Partners Limited ("Sustainability Partners"), which is owned as to 70% by the Group and 30% by an independent third party. Sustainability Partners is a non-wholly owned subsidiary of the Company. As at the date of this report, it has not commenced any business. Formation of the subsidiary does not constitute a notifiable or connected transaction of the Company under the GEM Listing Rules.

Sustainability Partners is tasked to develop and implement ESG portal to provide a central database, compilation and repository for listed companies to consolidate and access their ESG performance and metrics. The portal captures a wide range of actionable ESG data, providing a cost-effective manner for the users to showcase and report their ESG efforts under the new ESG reporting regime. Sustainability Partners will also introduce the Group to those clients that require comprehensive ESG consultancy services and the Group shall facilitate them to decide on science based targets, and the crucial factors to the long term continuity of businesses which should be identified and considered.

Corporate Governance and Other Information

Equity – linked Agreements

Details of the equity – linked agreements entered into during the period ended 30 September 2020 or subsisting as at 30 September 2020 are set out below:

Share Option Scheme

The Company has adopted a share option scheme (the “Share Option Scheme”) by the resolutions in writing of the Shareholders on 23 September 2016. No options had lapsed or had been granted, exercised or cancelled under the Share Option Scheme during the six months ended 30 September 2020. As at 30 September 2020, there was no outstanding option under the Share Option Scheme.

Share Award Scheme

On 8 February 2017 (the “Adoption Date”), the Company approved the adoption of a share award scheme (the “Share Award Scheme”) to complement its human resources policy for enhancing staff welfares to retain the loyalty of the talents and their productivity and potentials can be elevated.

In April 2018, the Administration Committee has resolved to grant 12,100,000 restricted shares (“the Grant Shares”) to a selected participant. The vesting of the Grant Shares is subject to the selected participant remaining at all times after the grant date and on the vesting date a participant of the Company or any of its subsidiaries. During the six months ended 30 September 2020, 1,900,000 issued shares had been purchased by BOCI-Prudential Trustee Limited, acting as the trustee, on the Stock Exchange to hold on trust for any participant selected by the Administration Committee pursuant to the terms and conditions of the Share Award Scheme. For details, please refer to announcement of the Company dated 28 August 2020. As at 30 September 2020, 18,050,000 issued Shares were held by the trustee.

The COVID-19 Pandemic’s Impact

The outbreak of COVID-19 has spread across the PRC and globally and the prevention and control measures to combat the disease continued to be implemented worldwide. So far, the Group has fully resumed work and normal operations. As the COVID-19 continues to cause concern on the public health, there is adverse impact on the Group to certain extent. The Directors will continue to closely monitor the development of the COVID-19 outbreak and assess its impact on the financial position and operational results of the Group. Given the dynamic nature of the outbreak and that the major operations of the Group are in Hong Kong, the Directors anticipate the impact on the Group’s operation and financial performance is likely to be immaterial as at the date of this report.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 September 2020, the interests and short positions of Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO"), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they were taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required, pursuant to the required standard of dealings by Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings"), to be notified to the Company and the Stock Exchange, were as follows:

Interests in the Company

Name of Directors	Capacity	Number of Shares	Approximate percentage of shareholding
Ms. Kwok May Han Grace ("Ms. Kwok") (Note)	Beneficial owner, interest of a controlled corporation and interest of spouse	728,631,600 (long position)	55.20%
Mr. Wu Dennis Pak Kit ("Mr. Wu") (Note)	Beneficial owner and interest of spouse	728,631,600 (long position)	55.20%

Note: Among these Shares, (i) 721,701,600 Shares are held by Gold Investments Limited ("Gold Investments"), a company incorporated in the BVI, the issued share capital of which is owned as to 70% by Ms. Kwok, an executive Director and the chairman of the Board and 30% by Mr. Wu, an executive Director, the vice chairman of the Board and the husband of Ms. Kwok; (ii) 2,460,000 Shares are held by Ms. Kwok as beneficial owner and (iii) 4,470,000 Shares are held by Mr. Wu as beneficial owner. Accordingly, Ms. Kwok is deemed to be interested in such Shares held by Gold Investments and Mr. Wu under the SFO, and Mr. Wu is deemed to be interested in such Shares held by Ms. Kwok under the SFO.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations (Continued)

Interests in the Associated Corporation

Name of associated corporation	Name of Directors	Capacity	Number of Shares	Approximate percentage of shareholding
Gold Investments	Ms. Kwok (Note)	Beneficial owner	70 shares of HK\$1.00 each (long position)	70%
		Interest of spouse	30 shares of HK\$1.00 each (long position)	30%
	Mr. Wu (Note)	Beneficial owner	30 shares of HK\$1.00 each (long position)	30%
		Interest of spouse	70 shares of HK\$1.00 each (long position)	70%

Note: Gold Investments is a company incorporated in the BVI and the issued share capital of which is owned as to 70% by Ms. Kwok and 30% by Mr. Wu. Accordingly, Ms. Kwok is deemed to be interested in the shares held by Mr. Wu in Gold Investments under the SFO, and Mr. Wu is deemed to be interested in the shares held by Ms. Kwok in Gold Investments under the SFO.

Save as disclosed above, as at 30 September 2020, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the 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 Directors as referred to Rules 5.48 to 5.67 of the GEM Listing Rules.

Substantial Shareholders' Interests and other Persons' interests Short Positions in Shares and Underlying Shares of the Company

As far as the Directors are aware, as at 30 September 2020, the following persons (other than a Director or chief executive of the Company) or entities had or were deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Name of Shareholders	Capacity	Number of Shares	Approximate percentage of shareholding
Gold Investments (Note 1)	Beneficial owner	721,701,600 (long position)	54.67%
Dr. Wong Wing Ho James	Beneficial owner	109,161,600 (long position)	8.27%
City Beat Limited ("City Beat") (Note 2)	Beneficial owner	85,552,400 (long position)	6.48%

Notes:

1. Gold Investments is a company incorporated in the BVI and the issued share capital of which is owned as to 70% by Ms. Kwok and 30% by Mr. Wu.
2. City Beat is a company incorporated in the BVI and is wholly-owned by Ocean Equity Partners Fund II L.P. which is an exempted limited partnership registered in the Cayman Islands. The general partner of Ocean Equity Partners Fund II L.P. is Ocean Equity Partners Fund II GP Limited. Accordingly, each of Ocean Equity Partners Fund II L.P. and Ocean Equity Partners Fund II GP Limited was deemed to be interested in the same Shares held by City Beat.

Save as disclosed above, as at 30 September 2020, the Company had not been notified by any persons (other than a Director or the chief executive of the Company) who or entities which had interests or short positions in the Shares or underlying Shares which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Rights to Acquire Shares or Debentures

Save as disclosed in the paragraphs headed “Share Option Scheme”, “Share Award Scheme” and “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations” in this report, at no time during the six months ended 30 September 2020 and up to the date of this report was the Company, its holding company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates to have any right to subscribe for securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or to acquire benefits by means of acquisitions of shares in, or debentures of, the Company or any other body corporate.

Non-Competition Undertaking by Controlling Shareholders

Each of the controlling shareholders (as defined under the GEM Listing Rules) of the Company i.e. Gold Investments Limited, Ms. Kwok and Mr. Wu (the “Controlling Shareholders”) entered into a deed of non-competition dated 23 September 2016 in favour of the Company, details of which were set out in the prospectus of the Company dated 30 September 2016 and the major term is that at any time the Controlling Shareholders are interested, directly or indirectly, in 30% or more of the Shares, they will not, and will procure their respective close associates (other than members of the Group) not to (1) directly or indirectly, either on their own account, in conjunction with, on behalf of or through any person, body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, participate, acquire or hold any right or interest, provide any support to, financial or otherwise, or otherwise be interested, involved or engaged in or concerned with any business that directly or indirectly competes with the Restricted Business (as defined below), or acquire or hold shares or interest (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any companies or business that compete directly or indirectly with the Restricted Business; and (2) engage, invest, participate or be interested (economically or otherwise) in any business involving the provision of consultancy services in respect of (i) green building certification consultancy; (ii) sustainability consultancy and environmental consultancy; (iii) acoustics, noise and vibration control and audio-visual design consultancy; and (iv) ESG reporting and consultancy (the “Restricted Business”), except where the Controlling Shareholders hold less than 5% of the total issued share capital of any company (whose shares are listed on the Stock Exchange or any other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of the Group.

During the six months ended 30 September 2020, none of the Controlling Shareholders or their respective close associates (as defined under the GEM Listing Rules) had any business or interest in a business which competed or might compete with the business of the Group and any other conflict of interest with the Group.

Directors' Interest in Competing Business

Save and except for the interests of the Directors in the Company and its subsidiaries, during the six months ended 30 September 2020, none of the Directors had any interest in a business which competed or was likely to compete, directly or indirectly, with the Group's business.

Corporate Governance Code

The Company is committed to maintaining good corporate governance standard and procedures. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules.

In accordance with code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Kwok was appointed as the chairman of the Board on 11 November 2016 but there has been no chief executive of the Company since then. The Board considers that such arrangement has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group.

Save as disclosed above, during the six months ended 30 September 2020, the Company has complied with all the code provisions of the CG Code.

Compliance with Code of Conduct for Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by the Directors (the "Securities Code") on terms no less exacting than the Required Standard of Dealings. Following the specific enquiries made by the Company on the Directors, all Directors confirmed that they had complied with the Required Standard of Dealings and the Securities Code during the six months ended 30 September 2020.

Purchase, Sale or Redemption of the Company's Listed Securities

Save as disclosed under the paragraph headed "Share Award Scheme" under this section, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2020 and thereafter up to the date of this report.

Re-designation of a Director

Mr. Wu Dennis Pak Kit has been appointed as the Vice Chairman of the Board and re-designated as an executive Director since 1 July 2020. He was appointed as our non-executive Director on 16 November 2015 and has been providing advice on strategic development of the Group, and his additional new roles will help to create a greater synergy between the Group's existing business segments, including green finance, ESG advisory as well as Smart & Green IoT, so as to further expand our Group's customer base and extend our customers' geographical coverage to the Asia-Pacific region.

Disclosures under Rules 17.22 to 17.24 of the GEM Listing Rules

As at 30 September 2020, there is no circumstance which would give rise to a disclosure obligation on the part of the Group under Rules 17.22 to 17.24 of the GEM Listing Rules.

Disclosure of change of Directors' Information

The Directors are not aware of any change in the information in respect of the Directors, supervisors and chief executives required to be disclosed pursuant to Rule 17.50A of the GEM Listing Rules during the six months ended 30 September 2020.

Audit Committee

The Company established the Audit Committee on 23 September 2016 with written terms of reference in compliance with the GEM Listing Rules. As at the date of this report, the Audit Committee consists of three INEDs, namely Mr. Li Wing Sum Steven (who is the chairman), Professor Lam Kin Che and Ms. Wong Yee Lin Elaine. The primary duties of the Audit Committee are to, inter alia, assist the Board by providing an independent view of the effectiveness of the financial reporting process, making recommendation to the Board on the appointment and removal of external auditors and reviewing the financial information and disclosures, overseeing the audit process, developing and reviewing the Company's financial and accounting policies and performing other duties and responsibilities as assigned by the Board.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has discussed with the management regarding the auditing, internal control and financial reporting matters. The Audit Committee has also discussed and reviewed the unaudited Financial Information and this report.

English Version Prevails

This report is written in both English and Chinese. If there is any inconsistency between the English version and the Chinese version of this report, the English version will prevail.

By order of the Board
**Allied Sustainability and Environmental
Consultants Group Limited**
Kwok May Han Grace

Chairman and Executive Director

Hong Kong, 6 November 2020

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