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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

*This announcement, 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 of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

This announcement will remain on the "Latest Company Announcements" page of 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.

ANNUAL RESULTS

The board of Directors of the Company (the "**Board**") announces the annual results of the Group for the year ended 31 March 2018 together with the comparative figures for the year ended 31 March 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018
(Expressed in Hong Kong dollars)

	Note	**2018** *$'000*	2017 *$'000*
Revenue	*3*	**30,537**	35,096
Cost of services provided		**(17,563)**	(15,671)
Gross profit		**12,974**	19,425
Other income and gains		**121**	96
Administrative expenses		**(17,210)**	(11,691)
Finance costs	*4*	**(69)**	–
Other expenses		**(242)**	(148)
Listing expenses		**–**	(12,480)
Loss before tax	*5*	**(4,426)**	(4,798)
Income tax credit/(expenses)	*6*	**331**	(1,290)
Loss for the year wholly attributable to owners of the Company		**(4,095)**	(6,088)
Other comprehensive income for the year wholly attributable to owners of the Company, net of tax			
Item that may be reclassified subsequently to profit or loss:			
– Change in fair value of available-for-sale financial assets		**(259)**	(151)
Total comprehensive income for the year wholly attributable to owners of the Company		**(4,354)**	(6,239)
Basic loss per share (cents)	*7*	**(0.35)**	(0.56)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2018
(Expressed in Hong Kong dollars)

	Note	**2018** **$'000**	2017 $'000
Non-current assets			
Property, plant and equipment		**886**	1,205
Prepayments for intangible assets		**160**	97
Available-for-sale financial assets		**7,626**	1,897
Deferred tax assets		**345**	–
		9,017	3,199
Current assets			
Contract assets		**33,629**	29,460
Accounts receivable	*8*	**10,499**	9,613
Prepayments, deposits and other receivables		**5,840**	3,760
Current tax recoverable		**781**	–
Pledged deposits		**5,018**	–
Cash and cash equivalents		**31,389**	39,062
Total current assets		**87,156**	81,895
Current liabilities			
Accounts payable	*9*	**43**	243
Other payables and accruals		**5,489**	1,296
Bank loans and overdrafts		**7,636**	–
Amount due to a related party		**4,526**	–
Contract liabilities		**780**	159
Current tax payable		**144**	1,376
Total current liabilities		**18,618**	3,074
Net current assets		**68,538**	78,821
Total assets less current liabilities		**77,555**	82,020
Non-current liabilities			
Deferred tax liabilities		**–**	111
Net assets		**77,555**	81,909
Equity			
Issued capital		**12,000**	12,000
Reserves		**65,555**	69,909
Total equity		**77,555**	81,909

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

(Expressed in Hong Kong dollars)

		Wholly attributable to owners of the Company					
	Note	**Issued capital** *$'000*	**Other reserve** *$'000*	**Revaluation reserve** *$'000*	**Shares held under share award scheme** *$'000*	**Retained profits** *$'000*	**Total equity** *$'000*
At 1 April 2016		424	21,424	–	–	21,945	43,793
Loss for the year		–	–	–	–	(6,088)	(6,088)
Other comprehensive income		–	–	(151)	–	–	(151)
Total comprehensive income		–	–	(151)	–	(6,088)	(6,239)
Issue of shares		2,040	55,080	–	–	–	57,120
Capitalisation issue of shares		9,960	(9,960)	–	–	–	–
Transaction costs directly attributable to issue of shares		–	(5,866)	–	–	–	(5,866)
Arising from group reorganisation		(424)	424	–	–	–	–
Dividends		–	–	–	–	(2,800)	(2,800)
Purchase of shares under share award scheme		–	–	–	(4,099)	–	(4,099)
At 31 March 2017		12,000	61,102	(151)	(4,099)	13,057	81,909
Loss for the year		**–**	**–**	**–**	**–**	**(4,095)**	**(4,095)**
Other comprehensive income		**–**	**–**	**(259)**	**–**	**–**	**(259)**
Total comprehensive income		**–**	**–**	**(259)**	**–**	**(4,095)**	**(4,354)**
At 31 March 2018		**12,000**	**61,102**	**(410)**	**(4,099)**	**8,962**	**77,555**

NOTES TO THE FINANCIAL INFORMATION

(Expressed in Hong Kong dollars)

1 BASIS OF PREPARATION

The consolidated results set out in this announcement do not constitute the Group's financial statements for the year ended 31 March 2018 but are extracted from those financial statements.

The Group's consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited.

The measurement basis used in the preparation of the Group's consolidated financial statements is the historical cost basis except that available-for-sale financial assets are stated at their fair value.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these has impact on the accounting policies of the Group.

Except for the early adoption of HKFRS 15, *Revenue from contracts with customers*, since the year ended 31 March 2016, the Group has not adopted any new standards or interpretations that are not yet effective for the current accounting period.

3 REVENUE AND SEGMENT INFORMATION

For management purposes, the Group is organised into 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) Acoustic, noise and vibration control and audio-visual design consultancy segment involves designs for architectural acoustic, mechanical vibration, noise control and audio-visual systems; and

(d) Environmental, Social and Governance ("**ESG**") reporting and consultancy segment involves ESG reporting and consultancy.

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 loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that finance costs as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

	Green building certification consultancy		Sustainability and environmental consultancy		Acoustics, noise and vibration control and audio-visual design consultancy		ESG reporting and consultancy		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Segment revenue:										
Revenue										
Hong Kong	**15,962**	18,036	**9,350**	8,222	**2,139**	2,768	**2,457**	3,718	**29,908**	32,744
Mainland China	**97**	374	**110**	272	**303**	1,139	**–**	–	**510**	1,785
Macau	**34**	80	**–**	390	**85**	97	**–**	–	**119**	567
	16,093	18,490	**9,460**	8,884	**2,527**	4,004	**2,457**	3,718	**30,537**	35,096
Segment results	**6,992**	10,865	**4,314**	4,697	**152**	1,450	**1,274**	2,265	**12,732**	19,277
Reconciliation										
Unallocated income									**121**	96
Unallocated expenses:										
– Listing expenses									**–**	(12,480)
– Others									**(17,210)**	(11,691)
Finance costs									**(69)**	–
Loss before tax									**(4,426)**	(4,798)
Segment assets	**26,520**	24,069	**11,768**	8,671	**5,136**	5,476	**2,117**	2,404	**45,541**	40,620
Reconciliation										
Unallocated assets									**50,632**	44,474
Total assets									**96,173**	85,094
Segment liabilities	**631**	119	**145**	275	**47**	8	**–**	–	**823**	402
Reconciliation										
Unallocated liabilities									**17,795**	2,783
Total liabilities									**18,618**	3,185
Other segment information										
Impairment of accounts receivable	**424**	55	**–**	135	**–**	83	**–**	–	**424**	273
Write-back of impairment of accounts receivable	**(47)**	–	**(135)**	(125)	**–**	–	**–**	–	**(182)**	(125)
Unallocated:										
– Depreciation									**443**	301
– Capital expenditure*									**124**	1,256

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

(a) Geographical information

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

(b) The Group's non-current assets were located in Hong Kong as at 31 March 2017 and 2018.

(b) Information about major customers

No revenue from a single external customer accounted for 10% or more of the Group's revenue for the year ended 31 March 2017 and 2018.

4 FINANCE COSTS

	2018	2017
	$'000	*$'000*
Interest on bank loans and overdrafts	**69**	–

5 LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2018	2017
	$'000	*$'000*
Depreciation	**443**	301
Auditors' remuneration		
– Audit services	**1,025**	976
Employee benefit expense: (including director's emoluments)		
– Wages and salaries	**19,783**	16,157
– Pension scheme contributions (defined contribution scheme)	**738**	506
	20,521	16,663
Impairment of accounts receivable* *(note 8)*	**424**	273
Write-back of impairment of accounts receivable*	**(182)**	(125)
Minimum lease payments under operating leases for land and buildings	**3,666**	2,976
Gain on disposal of available-for-sale financial assets	**(82)**	–
Gain on disposal of items of property, plant and equipment	**–**	(8)
Net foreign exchange loss	**62**	4

* Included in "Other expenses" in profit or loss.

6 INCOME TAX

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. Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the years ended 31 March 2018 and 2017. The People's Republic of China (**"PRC"**) Corporate Income Tax ("**CIT**") has been provided at the rate of 25% on the estimated assessable profits arising in the PRC for the years ended 31 March 2018 and 2017.

	2018	2017
	$'000	*$'000*
Current – Hong Kong		
Charge for the year	**–**	1,196
Under/(over)-provision in respect of prior year	**131**	(53)
	131	1,143
Current – PRC		
(Credit)/charge for the year	**(6)**	51
Deferred tax	**(456)**	96
Total tax (credit)/charge for the year	**(331)**	1,290

7 LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE YEAR

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

	2018	2017
	$'000	*$'000*
Loss		
Loss for the year wholly attributable to owners of the Company	**(4,095)**	(6,088)
Number of shares:		
Number of ordinary shares for the purpose of basic loss per share	**1,184,000,000**	1,086,498,630

No diluted loss per share for the years was presented as there were no dilutive potential ordinary shares in issue during the years ended 31 March 2018 and 2017.

8 ACCOUNTS RECEIVABLE

	2018	2017
	$'000	*$'000*
Accounts receivable	**12,323**	11,195
Impairment	**(1,824)**	(1,582)
	10,499	9,613

Accounts receivable represent receivables for contract works. Accounts receivable are due within 0 to 60 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 the reporting period, based on the invoice date and net of impairment provisions, is as follows:

	2018	2017
	$'000	*$'000*
Within 1 month	**2,999**	734
Over 1 month but less than 3 months	**3,546**	2,825
Over 3 months but less than 6 months	**987**	1,007
Over 6 months but less than 12 months	**1,103**	2,590
Over 12 months but less than 24 months	**832**	1,834
Over 24 months	**1,032**	623
	10,499	9,613

The movements in provision for impairment of accounts receivable are as follows:

	2018	2017
	$'000	*$'000*
At the beginning of the year	**1,582**	1,434
Impairment losses recognised *(note 5)*	**424**	273
Write-back of impairment *(note 5)*	**(182)**	(125)
At the end of the year	**1,824**	1,582

At 31 March 2018, accounts receivable of $2,347,000 (2017: $1,582,000) were individually determined to be impaired. The individually impaired receivables were related to long overdue amounts and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of $1,824,000 (2017: $1,582,000) were recognised.

The ageing analysis of the accounts receivable that are not individually nor collectively considered to be impaired is as follows:

	2018	2017
	$'000	*$'000*
Neither past due nor impaired	**2,999**	734
Less than 1 month past due	**1,176**	1,499
1 to 3 months past due	**2,814**	1,326
4 to 6 months past due	**933**	1,370
Over 6 months past due	**2,054**	4,684
	9,976	9,613

Accounts receivable that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

9 ACCOUNTS PAYABLE

An ageing analysis of the accounts payable as at the end of the reporting period, based on the invoice date, is as follows:

	2018	2017
	$'000	*$'000*
Over 6 months	**43**	243

Accounts payable are non-interest-bearing and are normally settled within 30 days.

10 DIVIDEND

On 13 June 2016, AEC BVI declared a dividend of $2,800,000 to its shareholders.

The Board of directors has resolved not to declare the payment of a dividend in respect of the years ended 31 March 2018 and 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

The Group sees potential opportunities of 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 related 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 environmental impact assessment report a mandatory requirement before the construction and operation of various types of designated projects. Moreover, environmental 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 required 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 BEAM Plus Gold. The Hong Kong Housing Authority also requires public housing development to obtain BEAM Plus Gold award or above to distinct 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 providing (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 52.7%, 31.0%, 8.3% and 8.0% to the Group's overall revenue for the year ended 31 March 2018, respectively. The Group derives the majority of its revenue from green building certification consultancy, and sustainability and environmental 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 31 March 2018, the Group had 139 (as at 31 March 2017: 117) 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 31 March 2018, the Group had 74 (as at 31 March 2017: 70) 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 31 March 2018, the Group had 39 (as at 31 March 2017: 32) projects on hand which were mainly from property developers, architects and designers.

ESG Reporting and Consultancy

This segment provides companies listed on the Stock Exchange with consultancy on ESG reporting, which is required by the Stock Exchange to encourage listed companies to identify and disclose additional 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 from identifying the material aspects of ESG issues and formulating ESG implementation plan to the preparation of an ESG report. As at 31 March 2018, the Group had 29 (as at 31 March 2017: 24) projects on hand across various industries.

Prospects

Since the incorporation of a wholly-owned subsidiary, 前海沛然環保顧問深圳有限公司 (Qianhai Allied Environmental Consultants Shenzhen Company Limited*), at Qianhai, Shenzhen in Mainland China, the Group has been actively exploring development and acquisition opportunity in Mainland China. Furthermore, the Group will contribute to (i) establishing and facilitating a member alliance of greener technologies and products that benefit the environment in order to accelerate and support their implementation, advancement and adoption; (ii) stimulating and supporting growth, including in the area of employment, in this evolving and expanding technological and production field; and (iii) identifying, endorsing and promoting existing and emerging greener innovative technologies and related products to all sectors including the general public. Further, the Group is planning to develop its business in green building services and solutions and green products by using its internal working capital.

In early November 2017, the Company entered into non-legally binding letters of intent with each of three strategic partners. Pursuant to those letters of intent, the Company has cooperated and collaborated with:

(1) ECI Technology Holdings Limited (stock code: 8013) ("**ECI**") to provide solutions and products in relation to smart building and green buildings globally. Besides, ECI and the Company may jointly establish a company to provide occupational safety training and licensing courses for people in the construction industry. ECI is a company incorporated in the Cayman Islands and listed on the GEM. ECI is engaged in the provision of extra-low voltage (ELV) solutions;

(2) Linnovate Partners Holdings Limited ("**Linnovate**") to provide environmental, green building, and smart building related IT solutions and programming services globally. Linnovate is a company incorporated in Hong Kong aimed at servicing as a platform bringing simplicity to complex business and technology issues for the alternative investment industry; and

(3) Lifa Air International Limited ("**Lifa Air**") to engage in indoor air quality business in the commercial sector and/or in relation to green buildings globally. Lifa Air group was founded in Finland in 1988 and is engaged in the business of providing green indoor air quality solutions and improving standards of healthy living styles. Their products are designed to maintain healthy indoor air by preventing typical airborne contaminants from entering into the room air.

In January 2018, the Group has been allotted and issued 1,000,000 shares of Sanbase Corporation Limited (stock code:8501.HK) ("**Sanbase**") and has purchased from the market 4,084,000 shares of Sanbase. Sanbase is an interior fit-out solutions provider with good business prospect. The Group will continue to work with Sanbase for creating synergy in various business areas including green building projects, smart building projects, acoustics and lighting designs, and environmental monitoring services.

In February 2018, the Group has launched its new product, smart energy dash board. It provides real-time monitoring and analysis of the energy consumption of each operation module, and assists enterprises to identify energy saving opportunities. As going green is a global trend, the Group is optimistic with its future development. The Group believes that the product can significantly bring management efficiency and cost saving benefits to certain target groups, including property management companies, companies with multi-location offices, companies that intend to launch smart energy bill, tenants which need to split the energy bill etc.

In March 2018, the Group has prepared to launch its indoor air quality solution and received positive client feedback. In cosmopolitan cities like Hong Kong, Shanghai, Beijing and Shenzhen, commercial centers demand for high environmental standard and quality lifestyle to stay competitive. The Group believes that its new solution will benefit from the growing demand for better indoor working environment.

In the future, the Group may continue to extend its business scope by developing more environmental solutions and products. The Group is aware of the growing consciousness in Hong Kong that greening, landscape and tree management consultancy could significantly improve living quality through proper planting, maintenance and preservation of trees, while mismanagement of trees could be a threat to the public safety. The Group is currently in active exploration in the urban greenery business which would potentially provide more comprehensive environmental consultancy services to the Group's customers, including the government and property developers, and create a greener and safer community.

Through ongoing business diversification, the Group may establish a wider presence in the environmental industry with an aim to become a one-stop comprehensive environmental solution provider.

Financial Review

Revenue

The total revenue of the Group decreased from approximately HK$35.1 million for the year ended 31 March 2017 to approximately HK$30.5 million for the year ended 31 March 2018, representing a decrease of 13.0%. As at 31 March 2018, the Group had 281 projects on hand, the aggregate contract sum of which amounted to HK$115.7 million approximately.

The revenue of green building certification consultancy decreased by 13.0% from approximately HK$18.5 million for the year ended 31 March 2017 to approximately HK$16.1 million for the year ended 31 March 2018, which was resulted from (i) the slowdown of progresses of the projects; (ii) keen competition and (iii) the general decrease in the bidding price in this segment.

The revenue of sustainability and environmental consultancy increased by 6.5% from approximately HK$8.9 million for the year ended 31 March 2017 to approximately HK$9.5 million for the year ended 31 March 2018. Such improvement in revenue was attributable to the substantial progress achieved in the projects in this segment.

The revenue of acoustics, noise and vibration control and audio-visual design consultancy decreased by approximately 36.9% from approximately HK$4.0 million for the year ended 31 March 2017 to approximately HK$2.5 million for the year ended 31 March 2018 which was mainly due to the slowdown of progresses of the projects and keen competition in this segment.

The revenue of ESG reporting and consultancy decreased by approximately 33.9% from approximately HK$3.7 million for the year ended 31 March 2017 to approximately HK$2.5 million for the year ended 31 March 2018, which was due to the slowdown of progresses of the projects and keen competition in this segment.

The table below sets forth the breakdown of the revenue by segment for each of the years ended 31 March 2017 and 2018:

	2018		2017	
	HK$'000	*%*	*HK$'000*	*%*
Green building certification consultancy	**16,093**	**52.7**	18,490	52.7
Sustainability and environmental consultancy	**9,460**	**31.0**	8,884	25.3
Acoustics, noise and vibration control and audio-visual design consultancy	**2,527**	**8.3**	4,004	11.4
ESG reporting and consultancy	**2,457**	**8.0**	3,718	10.6
Total	**30,537**	**100.0**	35,096	100.0

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 increased by approximately 12.1% from approximately HK$15.7 million for the year ended 31 March 2017 to approximately HK$17.6 million for the year ended 31 March 2018.

The Group's gross profit decreased by approximately 33.2% from approximately HK$19.4 million for the year ended 31 March 2017 to approximately HK$13.0 million for the year ended 31 March 2018. The decrease in the gross profit being mainly due to (i) the progress of the contract services work of the Group's on-going projects attained in the year was slower than expected; (ii) keen competition and the general decrease in the bidding price in the industry and (iii) an increase in direct labour costs for team expansion in order to strengthen the Group's ability to secure bids and extend its scope of services.

Administrative Expenses

The Group's administrative expenses increased by approximately 47.2% from approximately HK$11.7 million for the year ended 31 March 2017 to approximately HK$17.2 million for the year ended 31 March 2018. Such increase was mainly due to additional expenses incurred so as to cope with future development of the Group, such as staff cost, legal and professional fees and rental expenses.

Loss for the Year Wholly Attributable to the Owners of the Company

The Group's loss attributable to the owners of the Company decreased from approximately HK$6.1 million for the year ended 31 March 2017 to approximately HK$4.1 million for the year ended 31 March 2018. The decrease was mainly due to (i) the non-incurrence of any listing expenses for the year ended 31 March 2018, whereas listing expenses of approximately HK$12.5 million were incurred for the year ended 31 March 2017 and (ii) the increment of administrative expenses of approximately HK$5.5 million during the year ended 31 March 2018.

Net Cash Used in Operating Activities

The Group's net cash used in operating activities for the year ended 31 March 2018 was approximately HK$8.7 million, whereas there was net cash used in operating activities of approximately HK$21.6 million for the year ended 31 March 2017 mainly due to the payment of HK$12.5 million of listing expenses during the year ended 31 March 2017.

Liquidity, Financial Resources and Capital Structure

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

The Company requires cash primarily for working capital needs. As at 31 March 2018, the Company had approximately HK$31.4 million in cash and bank balances (31 March 2017: approximately HK$39.1 million), representing a decrease of approximately HK$7.7 million as compared to that as at 31 March 2017.

The Company 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 31 March 2018, the Group had banking facilities in an aggregate amount of approximately HK$10.1 million, of which approximately HK$7.6 million was utilised.

DIVIDEND

The Board has resolved not to declare the payment of any final dividend in respect of the year ended 31 March 2018 (2017: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Company had a total of 55 employees (31 March 2017: 51). 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 FROM THE LISTING

On the Listing Date, the issued Shares were listed on GEM. The initial public offering by way of placing was welcomed by investors. As stated in the section headed "Future Plans and Use of Proceeds" in the Prospectus dated 30 September 2016, the Group intends to use the proceeds for (i) establishment of subsidiaries, co-operation with other third parties, and/or acquisition in order to expand to PRC market; (ii) expansion through mergers and acquisitions of other market players in the environmental data collection/monitoring industry and ecology industry in Hong Kong with an aim to vertically integrating with the business of the Group; (iii) further expansion of the Group's business on ESG reporting and consultancy; and (iv) expansion of the Group's in-house project team; and (v) funding for the Group's working capital and other general corporate purposes. The Company intends to continue to apply the net proceeds in accordance with the proposed applications set out above. Based on the placing price of HK$0.28 per Share, the gross proceeds was approximately HK$57.1 million, while the net proceeds, after deducting the underwriting commission and other estimated expenses, amounted to approximately HK$33.4 million. The Company will deposit the unused net proceeds into short-term demand deposits with Hong Kong licensed banks.

As at 31 March 2018, the net listing proceeds have been applied and utilized as follows:

Use of net proceeds	Note	**Adjusted planned use of net proceeds#** (HK$'000)	**Approximate percentage of total net proceeds**	**Adjusted planned use of proceeds up to 31 March 2018*** (HK$'000)	**Actual use of net proceeds up to 31 March 2018** (HK$'000)	**Unused net proceeds up to 31 March 2018** (HK$'000)
Expand into the PRC market through acquisition or establishment of subsidiaries	*1*	13,358	40%	6,100	45	13,313
Expand through strategic mergers and acquisitions in Hong Kong	*1*	6,679	20%	3,800	–	6,679
Further expand and develop the Group's services to ESG	*2*	6,679	20%	4,350	2,958	3,721
Further strengthen and expand the Group's in-house team of professional staff	*3*	5,010	15%	2,800	3,564	1,446
Provide funding for the Group's working capital and other general corporate purposes		1,670	5%	NA *(note 4)*	1,670	–
Total		33,396	100%	17,050	8,237	25,159

Note 1: The actual use of net proceeds was slower than the adjusted planned use of proceeds up to 31 March 2018 because the progress of PRC and Hong Kong business expansion was slower than expected due to keen competition..

Note 2: The actual use of net proceeds was slower than the adjusted planned use of proceeds up to 31 March 2018 because the progress of expansion of ESG development business of the Group was slower than expected due to keen competition.

Note 3: The actual use of net proceeds exceeds the adjusted planned use of proceeds up to 31 March 2018 as a result of the acceleration of expansion of the Group's in-house team during the year ended 31 March 2018 to cope with the expected expansion of the Group.

Note 4: The timeline of the usage of funding for working capital and other general corporate purposes was not specified in the Prospectus.

The planned use of net proceeds has been adjusted in the same proportion and the same manner as stated in the Prospectus due to the difference between the estimated net proceeds as stated in Prospectus (based on placing price of HK$0.25 per share) and the actual net proceeds received.

* The planned use of proceeds up to 31 March 2018 has been adjusted in the same proportion and the same manner as stated in the Prospectus due to the difference between the estimated net proceeds as stated in the Prospectus and the actual net proceeds received.

The Directors intend to continue to apply the remaining net proceeds in accordance with the uses and in the proportions as stated in the Prospectus.

GEARING RATIO

The gearing ratio of the Group, calculated as total borrowings divided by total share capital and reserves, was approximately 10% as at 31 March 2018 (2017: Nil).

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 position and consider natural hedge technique to manage its foreign currency exposures by non-financial methods, managing the transaction currency, leading and lagging payments and receivables management, etc. The Company did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the year ended 31 March 2018.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 March 2018. The Group strives to reduce its 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 HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not hold any significant investments in equity interest in any other companies. Except for those included in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the Group had no definite future plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the year ended 31 March 2018.

CORPORATE GUARANTEE AND PLEDGE OF ASSETS

As at 31 March 2018, 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 million as at 31 March 2018.

The Group had no pledge of assets as at 31 March 2017.

CONTINGENT LIABILITIES

As at 31 March 2018, the Group had no significant contingent liabilities (2017: Nil).

CAPITAL COMMITMENTS

As at 31 March 2018, the Group had capital commitments in relation to the purchase of intangible assets of approximately HK$63,000 (31 March 2017: HK$136,000).

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 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company did not redeem any of the Company's listed securities nor did the Company or any of its subsidiaries purchase or sell any of such Shares during the year ended 31 March 2018 and thereafter up to the date of this announcement.

AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**") on 23 September 2016 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee comprises three independent non-executive Directors, namely Mr. Lie Kong Sang, Professor Lam Kin Che, and Ms. Wong Yee Lin Elaine. Mr. Lie Kong Sang, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the Audit Committee. During the year ended 31 March 2018, the Audit Committee held four meetings to review the Group's annual report, interim report and quarterly reports. The Group's audited consolidated financial statements for the year ended 31 March 2018 and this announcement have been reviewed by the Audit Committee. The Audit Committee is of the view that such financial information has been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures has been made.

SCOPE OF WORK OF KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2018 as set out in this announcement have been compared by the Group's independent auditor, KPMG, Certified Public Accountants, to the amounts as set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement.

The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

CORPORATE GOVERNANCE PRACTICES

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 Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 of 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 May Han Grace was appointed as the chairman of the Board on 11 November 2016 but there is no chief executive of the Company. 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.

Furthermore, with respect to code provision C.1.2 of the CG Code, management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 5.01 and Chapter 17 of the GEM Listing Rules and the applicable laws. The Board noted that certain Directors might not have been provided with the financial information on a monthly basis from the Listing Date to July 2017. Upon the revelation of such deviation, the Company has put in place policies to provide financial information to all its Directors on a monthly basis since August 2017. After the adoption of such remedial measures, the Company has complied with code provision C.1.2 of the CG Code.

Save as disclosed above, during the year ended 31 March 2018 and up to the date of this announcement, the Group 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 directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Required Standard of Dealings**"). Having been made a specific enquiry by the Company with each of the Directors, all Directors confirmed that they had complied with the Required Standard of Dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company for the year ended 31 March 2018.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming Annual General Meeting is scheduled to be held on 13 August 2018 (the "**AGM**"). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 7 August 2018 to 13 August 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited of 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on 6 August 2018.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement for the year ended 31 March 2018 is available for viewing on the websites of GEM at www.hkgem.com and the Company at www.asecg.com and the annual report for the year ended 31 March 2018 of the Company containing all the information required by the GEM Listing Rules will be dispatched to the Company's shareholders and published on the above websites 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, 25 June 2018

As at the date of this announcement, the executive Director is Ms. Kwok May Han Grace (Chairman); the non-executive Director is Mr. Wu Dennis Pak Kit; and the independent non-executive Directors are Professor Lam Kin Che, Mr. Lie Kong Sang and Ms. Wong Yee Lin Elaine.