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 2022

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 audited annual results of the Group for the year ended 31 March 2022. This announcement, containing the full text of the annual report of the Company for the year ended 31 March 2022 (the "**2021/22 Annual 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 annual results. Printed version of the 2021/22 Annual 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, 24 June 2022

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 website of the Stock Exchange at www.hkexnews.hk 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 annual 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 annual report.

This annual 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 annual 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 annual report misleading.

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

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Corporate Information

Board of Directors

Executive Directors

Kwok May Han Grace *(Chairman)*
Wu Dennis Pak Kit *(Vice Chairman)*

Independent Non-executive Directors

Lam Kin Che
Li Wing Sum Steven
Wong Yee Lin Elaine
Szeto Chi Hang Clive

Company Secretary

Siu Chun Pong Raymond

Compliance Officer

Kwok May Han Grace

Board Committees

Audit Committee

Li Wing Sum Steven *(Chairman)*
Lam Kin Che
Wong Yee Lin Elaine

Nomination Committee

Kwok May Han Grace *(Chairman)*
Li Wing Sum Steven
Wong Yee Lin Elaine
Lam Kin Che
Wu Dennis Pak Kit

Remuneration Committee

Wong Yee Lin Elaine *(Chairman)*
Li Wing Sum Steven
Lam Kin Che
Kwok May Han Grace
Wu Dennis Pak Kit

Environmental, Social and Governance Committee

Kwok May Han Grace *(Chairman)*
Wu Dennis Pak Kit
Li Wing Sum Steven
Lam Kin Che
Wong Yee Lin Elaine

Risk Management Committee

Kwok May Han Grace *(Chairman)*
Wu Dennis Pak Kit
Li Wing Sum Steven
Lam Kin Che
Wong Yee Lin Elaine

Responsible Investment Committee

Wu Dennis Pak Kit *(Chairman)*
Kwok May Han Grace
Li Wing Sum Steven
Szeto Chi Hang Clive

Authorised Representatives

Kwok May Han Grace
Siu Chun Pong Raymond

Company's Website

http://www.asecg.com

Auditor

Moore Stephens CPA Limited
Registered Public Interest Entity Auditor
801–806 Silvercord, Tower 1
30 Canton Road, Tsimshatsui
Kowloon
Hong Kong

Legal Adviser

Raymond Siu & Lawyers
Units 1302–3 & 1802, Ruttonjee House
11 Duddell Street, Central, Hong Kong

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Corporate Information

Principal Place of Business in Hong Kong

27/F, Overseas Trust Bank Building
160 Gloucester Road
Wan Chai
Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Bank of China (Hong Kong) Limited

Principal Share Registrar and Transfer Office in the Cayman Islands

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 54, Hopewell Centre, 183 Queen's Road East
Hong Kong

Stock Code

8320

Financial Highlights

Revenue of the Group increased from approximately HK$40.3 million for the year ended 31 March 2021 to approximately HK$43.1 million for the year ended 31 March 2022, representing an increase of 7.0%. The increase in the revenue was mainly driven by the contribution from the segments of (1) green building certification consultancy; (2) sustainability and environmental consultancy; and (3) ESG reporting and consultancy due to increase in the number of new contracts awarded and awarded contracts with larger contract value.

The loss attributable to owners of the Company for the year ended 31 March 2022 in the amount of approximately HK$4.9 million as compared to the profit attributable to owners of the Company of approximately HK$3.5 million for the year ended 31 March 2021, mainly attributed to (i) an increase in staff cost for retaining talents; (ii) increase in the allowance of credit loss for accounts receivable due to delay in payment from customers; and (iii) absence of government subsidies from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme for the year ended 31 March 2022 compared to the year ended 31 March 2021.

The board of Directors (the "Board") has resolved not to declare the payment of any final dividend for the year ended 31 March 2022.

Chairman's Statement

Dear Valued Shareholders,

On behalf of the board of Directors (the "Board"), it is my great pleasure to present to you the audited and consolidated results of Allied Sustainability and Environmental Consultants Group Limited (the "Company") and its subsidiaries (together referred to as the "Group" or the "AEC Group") for the year ended 31 March 2022 (the "Year").

Kwok May Han, Grace
Chairman and Executive Director

Looking back on 2021, while the world was stepping into a post-pandemic era, Hong Kong and many regions around the globe had encountered another wave of the epidemic at the beginning of 2022, which has exacerbated geopolitical and socioeconomic challenges and brought uncertainties to the worldwide economic recovery. In the face of severe external challenges, the Group has built up its resilience to ensure steady growth of the core business, upholding its leading position in the market and working with all sectors to shape a sustainable future.

Strengthening Core Business and Gaining Industry Recognitions

During the Year, the Group has continued to actively participate in green and healthy building projects with a number of green building projects received industry recognitions for the outstanding performances, of which five BEAM Plus projects reached the highest rating. In particular, InnoCell Hong Kong Science Park, Provision of Tsang Tsui Columbarium and Garden of Remembrance and Jockey Club Global Graduate Tower have achieved the honor of BEAM Plus NB V1.2 Final Platinum. Towngas Headquarters has received the recognition of BEAM Plus EB V2.0 Final Platinum. Proposed T.W.G.Hs. Holistic Centre for Youth Development at Junction of King Fuk Street, Kai San Road and Tsat Po Street, San Po Kong, Kowloon has received the recognition of BEAM Plus EB V2.0 Final Platinum.

The Group has been striving to foster a sustainable built environment and promote the health and wellbeing of our community through the diversified services covering environmental consultancy, sustainable design, acoustic, audio-visual, lighting and theatre planning. During the Year, six of the Group's green building projects received industry acknowledgement in the "Green Building Award 2021" co-organised by the Hong Kong Green Building Council and the Professional Green Building Council. CAINE HILL, a residential project by a major developer in Hong Kong has achieved multiple awards with engagement of the Group as a sustainable design consultant. Those top accolades include Asia Pacific Property Awards 2020–2021 – Best Residential High Rise Development (Hong Kong) – Star Winner, International Property Awards 2020–2021 – Best Residential High Rise Development Asia Pacific – Regional Nominee, BEAM Plus – Provisional Gold Rating, China Green Building Design Label – 3-Star Rating and China Healthy Building Design Label – 3-Star Rating. In addition, the Group has been part of the award-winning team of "Next Tower" receiving the Merit Award in the Hong Kong Green Building Council Advancing Net Zero Ideas Competition. The Group has also participated in WELL v2™ precertification for The Fullerton Ocean Park Hotel Hong Kong, making it as the first hotel project in Hong Kong and Mainland China to be awarded with this recognition.

On top of sustainability advocacy through green building consultancy services, the Group also walks the talk and integrate sustainability initiatives into the Group's daily operation and uphold sustainable mindset in its corporate culture in order to creating positive impacts on environmental, social and corporate governance. In the Hong Kong Sustainability Award

20/21 organized by the Hong Kong Management Association, the Group has received three awards in recognition of its sustainability leadership, including Grand Award, Hong Kong Sustainability Award, and Special Recognition for Outstanding Sustainability Initiative (Environmental Dimension). Moreover, the Group has received recognitions of Hong Kong Green Awards 2021 organised by the Green Council for seven consecutive years.

Taking the Wheel to Drive Decarbonization and Fostering Multilateral Collaboration

Climate actions and carbon neutrality have become the urgency of this decade. At the 26th UN Climate Change Conference of the Parties (COP26) in Glasgow, it was agreed to keep 1.5°C alive and urged for practical decarbonization timelines and roadmaps, intensifying global concern over climate challenges again. Further to the dual carbon goal "peak carbon by 2030 and carbon neutrality by 2060" announced by President Xi Jinping at the 75th United Nations General Assembly, the Hong Kong SAR Government pledged to reach carbon neutrality by 2050 and published the "Hong Kong Climate Action Plan 2050" in October 2021, endeavouring to reduce Hong Kong's carbon emissions by 50 per cent before 2035 as compared to the 2005 level.

As a pioneer in the industry, the Group has taken the initiative to fulfil its carbon reduction commitment. Following the Group's decarbonization target committed under the Science Based Target initiative, the Group has again taken another step to demonstrate its ambition of net zero. In April 2021, the Group announced the goal of net zero carbon business operation by 2030 and formulated its net zero roadmap. In May 2021, the Group joined ranks of WorldGBC Asia Pacific Net Zero Collaborators, collaborating closely with World Green Building Council in the Asia Pacific Region to increase momentum towards a net zero built environment. In December 2021, the Group joined the GBA Carbon Neutrality Association ("GBACNA") as a founding member and is committed to exerting synergies through its expertise and network in the field to accelerate the net zero transition to achieve our shared goal of carbon neutrality in the Greater Bay Area.

Global concerns over climate change have contributed to the growing demand and higher standard for environmental, social and governance (ESG) disclosures. In December 2021, the Hong Kong Exchanges and Clearing Limited ("HKEx") published the result of the consultation on Review of the Corporate Governance Code, which stipulated more stringent requirements for ESG reporting and corporate ESG management. To cope with stakeholders' concerns on ESG issues and enterprises' attempt to enhance ESG disclosures, the Group launched Sustainature in September 2021, a one-step online ESG management platform for enterprises of all types to simplify ESG data processing, enable data analytics and management with the same platform and generate HKEx compliant ESG reports, helping enterprises track their progress towards carbon neutrality goals and enhancing ESG performance. In February 2022, the Group has established the Responsible Investment Committee to integrate responsible investment principles into the investment planning, which takes into account the impact of ESG, sustainability, climate resilience, biodiversity, and carbon neutrality.

Exploring Business Expansion for Diversified Portfolio

During the Year, the Group actively expanded its business footprint and adhered to building a diversified portfolio. The Group has entered into strategic cooperation memoranda with a variety of companies in capital, consultancy and consumer goods industries, including:

I. In April 2021, the Group and Prime Value Capital Management Limited ("PVCM") entered into a memorandum of understanding of strategic alliance, which will benefit the future business development of the Group and expand its business coverage in overseas markets through leveraging on PVCM's well-established network in Europe.

II. In November 2021, the Group entered into a strategic cooperation memorandum with MES Group Holdings Limited ("MES Group") to jointly promote BIM project life cycle and green business and further enhance the Group's status as a leading ESG and sustainability consultancy service provider.

III. In December 2021, the Group entered into a strategic cooperation memorandum with Heng Tai Consumables Group Limited ("HTC Group") to jointly promote sustainability and carbon neutrality, bring significant business opportunities to the Group's business expansion and strengthen the Group's sustainability strategies and carbon neutrality consulting business and establish a niche in the increasingly competitive market.

Proactively Responding to Public Consultation and Promoting Sustainable Development in the Society

As a sustainability and environmental consulting firm, the Group focuses on driving sustainable development with in-depth expertise and vast experiences in environment and sustainability, and actively participates in public consultations in relation to corporate governance code and related listing rules of the Stock Exchange and the control of single-use plastics released by the Council for Sustainable Development, to express views for improving the environmental, social and governance performance of all sectors and the industry, shaping a sustainable environment.

Prospects

Financial risks associated with climate change have drawn grave concerns among the international community, and a majority of the international institutions are actively building up their competence against climate change. Intending to enhance the transparency and comparability of sustainability disclosure, and assist investors in assessing climate actions taken by enterprises, the International Sustainability Standards Board ("ISSB") has proposed a set of requirements for the disclosure of sustainability-related financial information and climate-related disclosures, with an aim to finalize the standards by end of 2022.

In the days ahead, the Group will continue to enhance our resilience in the face of climate emergency. With a vision to accelerate the net zero transition for long-term sustainable development, the Group will lend our full support to achieve the carbon neutrality goals through the implementation of energy conservation and decarbonization strategies, and professional services uplifting green building performance for all sectors in Hong Kong and the globe as a whole. Meanwhile, in responding to the growing demand for decarbonization strategies in the Greater Bay Area, the Group will maintain close collaboration with the GBACNA and stakeholders in the region to create synergies for moving toward the shared goal of carbon neutrality.

While carbon neutrality goals have driven a rapid development in green and sustainable finance, the positive impacts brought about by the Guangdong-Hong Kong-Macao Greater Bay Area and the Belt and Road Initiative have offered enormous business opportunities for financing. The Group will explore the capability to cope with the ever-growing demand for green financial consultancy services. The Group is also proactively expanding the business in Mainland China and the establishment of Qianhai Allied Environmental Consultants Shenzhen Company Limited, a wholly-owned subsidiary, in Shenzhen was the Group's milestone in entering the China market. In addition, the Group has also seized the opportunities in the ASEAN market and deployed its business expansion in Thailand and Singapore.

COVID-19 has changed the way how people perceive buildings and the indoor environment. The growing concerns have stimulated the Group's core business in green and healthy building design and sustainability consultancy services. Seizing the opportunities to increase market share, the Group also strives to promote carbon management to decarbonize the built environment and accelerate low-carbon transformation in the society. The Group will at all times leverage its expertise to help develop climate resilience in all sectors for a net-zero future.

Appreciation

On behalf of the Board and the management team, I would like to express my sincere gratitude to all shareholders, clients and business partners. My heartfelt appreciation also goes to all the Directors for their contributions, and all the staff members for their hard work and collective efforts. As always, we will continue to build on our strengths, keep abreast of industry trends, and capture new business opportunities as the market becomes increasingly competitive in the forthcoming years.

Kwok May Han Grace
Chairman and Executive Director

24 June 2022

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 metropolization and surging population in Hong Kong. The Environmental Protection Department of Hong Kong, along with other related government departments, have implemented various laws to regulate 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 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 50.4%, 21.9%, 14.5% and 13.2% to the Group's total revenue for the year ended 31 March 2022, respectively. For the year ended 31 March 2022, 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 2022, the Group had 257 (as at 31 March 2021: 221) engagements with clients which were mainly property developers, contractors, architects, designers and government departments.

Business Review (continued)

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 are 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 2022, the Group had 89 (as at 31 March 2021: 93) 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 2022, the Group had 95 (as at 31 March 2021: 85) projects on hand which were mainly from property developers, architects and designers.

ESG Reporting and Consultancy

This segment provides consultancy services on ESG Reporting for 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 comprehensive solution from identifying the material aspects of ESG issues and formulating ESG implementation plan to the preparation of an ESG report. Recently, a one-stop ESG online management platform named Sustainature has been launched that simplifies the process of ESG data processing for enterprises of all types, analyzes and manages data in one place, and helps generate ESG reports in compliance with the requirements of the Stock Exchange (“HKEX”). As at 31 March 2022, the Group had 119 (as at 31 March 2021: 90) projects on hand across various industries.

Prospects

The success to limit global warming depends on what we do today – In this race to net-zero, countries all over the world have started to pledge for achieving carbon neutrality in a few decades. With the momentum behind decarbonization among all sectors, numerous long-term opportunities have arisen in the industry. As such, the Group is at all times committed to leading low carbon transformation for shaping a sustainable built environment while maintaining steady business development. Heading towards this shared goal, the Group is formulating practical and yet ambitious strategies for carbon reduction based on the established net-zero roadmap, in addition to our commitment to bringing down 30% of carbon emissions by 2030.

Seizing the opportunities to expand our portfolio for a greater impact to the Mainland China as well as APAC regions, the Group attempts to expand our business to those markets and diversify our client base with plans to set up the first office in Guangdong Province following the setup of Qianhai Allied Environmental Consultants Shenzhen Company Limited, and also setting up offices in Thailand and Singapore. The Group is going to implement long-term and focused strategies on sustainability and environmental consultancy leadership to accelerate business expansion to serve those markets.

Prospects (continued)

Given Hong Kong's role as an international financial hub and the carbon neutrality pledge of the Mainland, the Group also sees the possibility to drive green financing development in the Greater Bay Area with our city's advantages in financing. Hence, the Group took the lead in becoming a founding member of the GBA Carbon Neutrality Association and will be devoted to fostering multi-sector collaboration for green finance and green technology advancement through carbon technology financing initiatives, speeding up low carbon technology readiness in the region. Meanwhile, the Group has also established the Responsible Investment Committee to integrate responsible investment principles into the investment planning on green technology, which takes into account the impact of ESG, sustainability, climate resilience, biodiversity, and carbon neutrality.

With the growing demand for ESG transparency and corporate sustainability from investors, the newly developed one-stop ESG online management platform named Sustainature for enterprises has been incorporated to enrich the Group's all-round sustainability solutions and encourage the adoption of ESG practices by all kinds of corporations, including small and medium enterprises. In response to the aperiodic modification of ESG reporting guidelines worldwide, the Group will further strengthen the platform from time to time to incorporate a wide range of guidelines covering TCFD recommendations, GRI Standards and CDP standards.

A series of new waves of pandemics induces grave concern over health and wellbeing, which stimulates demand for green building and sustainability solutions. The Group will continue to grab the business opportunities with the pursuance to excel in sustainable innovation and building design to expand our market share for robust business growth.

Financial Review

Revenue

The total revenue of the Group increased from approximately HK$40.3 million for the year ended 31 March 2021 to approximately HK$43.1 million for the year ended 31 March 2022, representing an increase of approximately 7.0%. As at 31 March 2022, the Group had 560 projects on hand, the aggregate contract sum of which amounted to approximately HK$216.8 million.

The revenue of green building certification consultancy increased by 14.0% from approximately HK$19.1 million for the year ended 31 March 2021 to approximately HK$21.7 million for the year ended 31 March 2022, which was resulted from increments of new contracts awarded.

The revenue of sustainability and environmental consultancy increased by 11.9% from approximately HK$8.4 million for the year ended 31 March 2021 to approximately HK$9.4 million for the year ended 31 March 2022 which was mainly due to the Company offering more competitive package to clients in light of the intense competition in the market.

The revenue of acoustics, noise and vibration control and audio-visual design consultancy decreased by approximately 27.1% from approximately HK$8.6 million for the year ended 31 March 2021 to approximately HK$6.3 million for the year ended 31 March 2022 which was mainly due to slowdown in progress of our ongoing projects under the impact of outbreak of COVID-19.

The revenue of ESG reporting and consultancy increased by approximately 34.8% from approximately HK$4.2 million for the year ended 31 March 2021 to approximately HK$5.7 million for the year ended 31 March 2022. Such improvement in revenue was resulted from increase in the number of larger scale projects awarded with higher contract value.

Financial Review (continued)

Revenue (continued)

The table below sets forth the breakdown of the revenue by segment for each of the years ended 31 March 2022 and 2021:

	2022		2021	
	HK$'000	%	HK$'000	%
Green building certification consultancy	**21,749**	**50.4**	19,072	47.3
Sustainability and environmental consultancy	**9,427**	**21.9**	8,426	20.9
Acoustics, noise and vibration control and audio-visual design consultancy	**6,275**	**14.5**	8,603	21.3
ESG reporting and consultancy	**5,687**	**13.2**	4,219	10.5
Total	**43,138**	**100.0**	40,320	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 26.8% from approximately HK$19.3 million for the year ended 31 March 2021 to approximately HK$24.5 million for the year ended 31 March 2022.

The Group's gross profit decreased by approximately 11.3% from approximately HK$21.0 million for the year ended 31 March 2021 to approximately HK$18.6 million for the year ended 31 March 2022, which was primarily due to increase in the subcontracting cost for carrying out projects especially for green building certification consultancy and increase in the direct labour cost for retaining talents for the year ended 31 March 2022.

Other Income, Gains and Losses, net

The Group's other income, gains and losses, net decreased by approximately 77.3% from approximately HK$2.9 million for the year ended 31 March 2021 to approximately HK$0.7 million for the year ended 31 March 2022 which was mainly due to the absence of government subsidies under the "Employment Support Scheme" during the year compared to the year ended 31 March 2021.

Administrative Expenses

The Group's administrative expenses increased by approximately 7.1% from approximately HK$19.4 million for the year ended 31 March 2021 to approximately HK$20.8 million for the year ended 31 March 2022 mainly because there is increase in administrative staff cost to reward their contribution and retain talents and the increase in advertisement and promotion expense for increasing customer awareness and seeking more business opportunities.

(Loss)/Profit Attributable to the Owners of the Company

The loss attributable to the owners of the Company was approximately HK$4.9 million for the year ended 31 March 2022 as compared to the profit attributable to the owners of the Company of approximately HK$3.5 million for the corresponding period in 2021 which was mainly attributed to (i) an increase in staff cost for retaining talents; (ii) increase in the allowance of credit loss for accounts receivable due to delay in payment from customers; and (iii) absence of government subsidies from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme for the year ended 31 March 2022 compared to the year ended 31 March 2021.

Financial Review (continued)

Net Cash (Used in)/Generated from Operating Activities

The Group's net cash used in operating activities for the year ended 31 March 2022 was approximately HK$5.1 million, whereas there was net cash generated from operating activities of approximately HK$8.1 million for the year ended 31 March 2021. There is net cash used in operating activities for the year ended 31 March 2022 was mainly due to increase in the accounts receivable which slows down the payment progress by customers due to the effect of COVID-19 compared to year ended 31 March 2021.

Liquidity, Financial Resources and Capital Structure

Historically, the Group has met the liquidity and capital requirements primarily through operating cash flows and capital contribution from its shareholders ("Shareholders").

The Group requires cash primarily for its working capital needs. As at 31 March 2022, the Group had approximately HK$16.4 million in cash and bank balances (31 March 2021: approximately HK$26.7 million), representing a decrease of approximately HK$10.2 million as compared to that as at 31 March 2021. The decrease was mainly due to (i) the decrease in net proceed of bank loan; and (ii) the increase in the accounts receivable which were not yet paid by the customers due to the effect of COVID-19.

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 2022, the Group had banking facilities in an aggregate amount of approximately HK$13.0 million, of which approximately HK$9.5 million was utilised.

Dividend

The Board has resolved not to declare any final dividend in respect of the year ended 31 March 2022 (2021: Nil).

Employees and Remuneration Policies

As at 31 March 2022, the Company had a total of 68 employees (2021: 58). The Company's remuneration policies are in line with the prevailing market practice and are determined on the basis of the role and function, 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.

The Company adopted a Share Option Scheme on 23 September 2016 and a Share Award Scheme on 8 February 2017 to complement its human resources policy for enhancing staff (including directors, employees, officers, consultants, etc.) welfares to ensure talents can be retained and their productivity and potentials can be elevated.

Gearing Ratio

The gearing ratio of the Group, calculated as total borrowings divided by total share capital and reserves, was approximately 12.6% as at 31 March 2022 (2021: 10.8%).

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 have any financial instruments to hedge against its foreign exchange exposure during the year ended 31 March 2022.

Financial Review (continued)

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 2022. 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 and Future Plans for Material Investments and Capital Assets

Save as disclosed in this annual report, as at 31 March 2022, the Group did not hold any significant investments in equity interest in any other companies nor have any 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) ("Dashi Derun"), pursuant to which the Vendor agreed to sell an aggregate of approximately 31.5789% equity interest in Dashi Derun and the Purchaser agreed to acquire the same and further subscribe for additional equity interest by contributing capital injection to Dashi Derun at a total consideration of RMB7,000,000 (equivalent to approximately HK$7.7 million) (the "Acquisition").

Dashi Derun is a private company principally engaged in providing green building and environmental consulting services in the PRC. The Directors expected that the Acquisition 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. As at the date of this report, completion of the Acquisition has not yet taken place because the COVID-19 situation is still evolving rapidly and there remains a significant degree of uncertainty over the severity and duration of the global outbreak.

Upon completion, Dashi Derun will be owned as to 35.0% by the Purchaser and the financial results of Dashi Derun will be included into the consolidated financial statements of the Group as share of results of an associate. 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

AEC Group Limited, a wholly-owned subsidiary of the Company, sold an aggregate of 576,000 ordinary shares in Sanbase Corporation Limited (a company listed on GEM with stock code: 8501) ("Sanbase") representing approximately 0.29% of the entire issued share capital of Sanbase for the year ended 31 March 2022. Immediately after the disposals, the Company did not hold any shares of Sanbase. The disposals did not constitute a discloseable transaction of the Company under the GEM Listing Rules.

Save as disclosed above, the Group had no other material acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 March 2022.

Strategic Cooperation with Business Partners

In March 2021, the Company entered into a strategic cooperation memorandum with Sky Wealth Financial Group (Investment) Limited ("Sky Wealth"). Pursuant to the strategic cooperation memorandum, the Group and Sky Wealth will jointly establish a fund to be named the Sky Wealth New Economy Opportunities Fund for the investment in new economy businesses and those with green and sustainable business models, including but not limited to artificial intelligence, internet of things, e-auto, carbon trading, paperless, life science, green technology and remote working business. The Group has invested HK$500,000 for 8.3% issued shares of Sky Wealth, the share allotment of which took place in early May 2021. Please refer to the announcement of the Company dated 2 March 2021 for details.

In April 2021, the Company and Prime Value Capital Management Limited ("PVCM") entered into a non-legally binding memorandum of understanding of strategic alliance. The new cooperation and collaboration between PVCM and the Company utilize the Group's expertise in ESG consultancy and green, smart and healthy building consultancy and PVCM's investment expertise and exposure in Europe. In the collaboration, the Company will provide consultancy services including green and healthy buildings, green finance, sustainability strategies and ESG advisory to PVCM and its clients and partners globally in relation to property and wealth management. The Group will also support PVCM in the sustainability communications marketing and promotion of PVCM's investment projects and overseas relocation services to the Group's clients and partners. PVCM shall appoint the Company as its Sustainability, ESG and Green Finance Partner. For details of cooperation with PVCM, please refer to the announcement of the Company dated 29 April 2021.

In November 2021, the Company and MES Group Holdings Limited ("MES Group") entered into a strategic cooperation memorandum. The Company and MES Group will enter into collaboration agreements to jointly promote the existing or new product or services offered by the parties in Hong Kong and to strengthen and extend the parties' presence in the Greater China Region and Asia Pacific Region. The Company and MES Group are considering to form of a joint venture to be led by MES Group's management to develop an enhanced Building Information Modelling ("BIM") system with the implementation of latest technologies and components of ESG and carbon neutrality; and will jointly conduct business promotions, webinars, trainings and events regularly to promote BIM Project Life Cycle and Green Business, including but not limited to Green and Healthy Buildings, Environmental Consultancy, ESG Reporting and Advisory, Sustainability Strategies, ESG Data Management, Green Finance, Climate Change and Disclosure Advisory, Carbon Neutrality Advisory, Indoor Air Quality, e-ESG Training, and Green Internet of Things, etc. For details of cooperation with MES Group, please refer to the announcement of the Company dated 29 November 2021.

In December 2021, the Company and Heng Tai Consumables Group Limited and its subsidiaries ("HTC Group") entered into a strategic cooperation memorandum. HTC Group is going to collaborate with the Group to embed sustainable low carbon practices in its operation in order to promote and achieve carbon neutrality. Under this collaboration, it is the goal to provide (i) green technology recommendations and complimentary green finance and responsible investment advices and (ii) thoughtful, technical and sustainable NbS for carbon neutrality for our respective potential clients. To better achieve the abovementioned goal, HTC Group and the Group will incorporate the application of blockchain technology and NbS. The Group will assist HTC Group on the development of its framework with reference to Task Force on Climate-related Financial Disclosures and Taskforce on Nature-related Financial Disclosures to enhance climate risk disclosures and to combat climate change. HTC Group and the Group are committed to providing sustainability and carbon neutrality consulting services to advise diverse clients on practical solutions to reduce carbon emissions in their operations; and aim to jointly promote the businesses arising from this strategic cooperation memorandum through webinars, training courses and industry events regularly to foster knowledge sharing in carbon emission reduction and enhance sustainability awareness among target customers. The strategic cooperation memorandum will be valid for 1 year from 28 December 2021. For details of cooperation with HTC Group, please refer to the announcement of the Company dated 28 December 2021.

Corporate Guarantee and Pledge of Assets

As at 31 March 2022 and 2021, the Group's bank borrowings were guaranteed or secured by the followings:

(i) corporate guarantees provided by the Company and its wholly-owned subsidiary;

(ii) the pledge of the Group's bank deposits of approximately HK$4.5 million (2021: approximately HK$5.1 million); and

(iii) personal guarantees provided by Directors.

Contingent Liabilities

As at 31 March 2022, the Group had no significant contingent liabilities (2021: Nil).

Other Commitments

During the years ended 31 March 2022 and 2021, the Group has committed to acquire an aggregate of 35% equity interest in Dashi Derun by acquisition of existing equity interest and subscription for additional equity interest by capital injection to Dashi Derun at a total consideration of RMB7,000,000. For details, please refer to the paragraph headed "Acquisition of equity interest in a PRC company" under this section and the announcement of the Company dated 18 December 2019.

On 16 February 2021, the Group entered into a shareholders' agreement with Share News Media Limited in respect of China Enterprise Green Financial PR Limited (formerly known as New Economy Communications Limited). Pursuant to the agreement, the parties have agreed to inject initial capital amounted to HK$1,000,000. As at 31 March 2022, the outstanding capital commitment by the Group amounted to approximately HK$500,000 (2021: approximately HK$505,000).

On 18 February 2021, the Group entered into a shareholders' agreement with Luk Advisor Limited and Mr. Cho Shiu Ming in respect of Marine Sustainature Limited. Pursuant to the agreement, the parties have agreed to inject initial capital amounted to HK$1,000,000. As at 31 March 2022, the outstanding capital commitment by the Group amounted to approximately HK$505,000 (2021: approximately HK$505,000).

On 22 February 2021, the Group entered into a shareholders' agreement with Bamboo International (Group) Co., Ltd. in respect of Bamboo Technology Limited. Pursuant to the agreement, the parties have agreed to inject initial capital amounted to HK$1,500,000. As at 31 March 2022, the outstanding capital commitment by the Group amounted to HK$447,000 (2021: approximately HK$447,000).

The Company expects all capital to be injected by the Group to the above companies will be funded by the internal resources of the Group.

Financial Risk Management

Risk management is carried out by the Company's risk management committee pursuant to 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.

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 set out below which are not presently known to the Group or are currently considered to be 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 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 Company'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 clients may award extra score to companies with certified staff, thereby increasing the Company's 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 Company has also involved more professional staff in the bidding process of a project, including preparing fee proposal, 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 Company which may lead to a further increase in such costs.

To reduce the Company's reliance on bidding for new business, the Company has also sent its project team members to team up 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 and submit proposal for tender projects offered by property developers and the Government.

Principal Risks and Uncertainties (continued)

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.

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 subsequently 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 ratio 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.

Use of Proceeds from the Listing

On 9 August 2018, the Company has resolved to change the use of net proceeds ("Net Proceeds") of the initial public offering of the Company ("IPO") (the "First Change in UOP"). Details of the revised allocation of the funds under the First Change in UOP are set out as follows:

Proposed use of Net Proceeds	Original allocation of the Net Proceeds HK$'000	Approximate percentage of total Net Proceeds	Actual use of Net Proceeds up to 31 July 2018 HK$'000	Unused Net Proceeds up to 31 July 2018 (before the Change) HK$'000	Revised use of Net Proceeds	Revised allocation of unused Net Proceeds (after the Change) HK$'000	Reasons for the revised use and allocation of Net Proceeds as stated in the announcement of the Company dated 9 August 2018
Expand into the PRC market through acquisition or establishment of subsidiaries	13,358	40%	45	13,313	No Change	13,313	–
Expand through strategic mergers and acquisitions in Hong Kong	6,679	20%	–	6,679	Acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business	5,800	The revised use of proceeds is to better reflect the Company's current direction of expansion. The allocation of proceeds was adjusted downward because under the recent preliminary term-sheet discussion in relation to an acquisition of a target company, the cash consideration was not expected to exceed HK$5.8 million.
Further expand and develop the Group's services to ESG	6,679	20%	3,708	2,971	Strengthen ESG and environmental project team to expand and develop both ESG consultancy and environmental consultancy business	3,634	The revised use and allocation of proceeds is to combine the resources of both ESG consultancy and environmental consultancy business in order to expand the business in an effective and efficient manner.
Further strengthen and expand the Group's in-house team of professional staff	5,010	15%	4,347	663			
Provide funding for the Group's working capital and other general corporate purposes	1,670	5%	1,670	–	Transferred from the original purpose of strategic mergers and acquisitions in Hong Kong	879	The extra amount of HK$879,000 (available from the reduced amount of HK$5.8 million used in mergers and acquisitions in Hong Kong) was applied towards the Group's working capital and general corporate purposes since the Company anticipated that it is unlikely to identify another suitable acquisition target in the near future.
Total	33,396	100%	9,770	23,626		23,626	

Use of Proceeds from the Listing (continued)

On 25 March 2019, the Company has resolved to have a second change to the use of Net Proceeds from the IPO (the "Second Change in UOP"). Details of the Second Change in UOP are set out as follows:

Proposed use of Net Proceeds as disclosed in the Prospectus	Use of Proceeds (as revised by the First Change in UOP) HK$'000	Unused Net Proceeds up to 28 February 2019 (before Second Change in UOP) HK$'000	Revised allocation of unused Net Proceeds (the Second Change in UOP)	Revised allocation of unused Net Proceeds after Second Change in UOP HK$'000	Reasons for the revised use and allocation of Net Proceeds (the Second Change in UOP) as stated in the announcement of the Company dated 25 March 2019
Expand into the PRC market through acquisition or establishment of subsidiaries	13,313	13,268	Acquisition and development of subsidiaries in the PRC for green building certification and environmental consultancy services which the target company has operations in both Northern and Southern China.	12,500	The revised use of proceeds is to better reflect the Company's current direction of expansion. The allocation of proceeds is adjusted downward because under the recent preliminary term sheet signed in relation to an acquisition of a target company, the funding needs are not expected to exceed HK$12.5 million.
Acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business	5,800	5,800	Acquisition and development of subsidiaries or associate companies in Hong Kong for ESG consultancy services business.	3,000	The Company cannot locate a suitable acquisition target for acoustics and lighting business. Alternatively, the Company has set up its own subsidiary for development of lighting business. Due to outstanding growth of ESG consultancy services business in the 2 years preceding the Second Change in UOP, the Company would like to further expand the ESG business and has entered into a memorandum in relation to the subscription of shares in a target company which provides ESG and sustainability consultancy services in Asia and HK$3.0 million of the subscription is expected to be funded by the Net Proceeds.

Use of Proceeds from the Listing (continued)

Proposed use of Net Proceeds as disclosed in the Prospectus	Use of Proceeds (as revised by the First Change in UOP) HK$'000	Unused Net Proceeds up to 28 February 2019 (before Second Change in UOP) HK$'000	Revised allocation of unused Net Proceeds (the Second Change in UOP)	Revised allocation of unused Net Proceeds after Second Change in UOP HK$'000	Reasons for the revised use and allocation of Net Proceeds (the Second Change in UOP) as stated in the announcement of the Company dated 25 March 2019
Further expand and develop the Group's services to ESG and further strengthen and expand the Group's in-house team of professional staff	3,634	476	Transferred from the original purpose of acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business	2,176	The extra amount of HK$1.7 million (available from the reduced amount of HK$3.0 million used in acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business) is applied towards the Group's further expansion of ESG consultancy service since the Company anticipates that it is unlikely to identify another suitable acquisition target in the near future.
Provide funding for the Group's working capital and other general corporate purposes	879	–	Transferred from the original purpose of acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business and expand into the PRC market through acquisition or establishment of subsidiaries	1,868	This extra amount of approximately HK$1.0 million is available from the reduced amount of HK$3.0 million used in acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business and the reduced amount of HK$12.5 million for proposed use of expanding into the PRC market through acquisition or establishment of subsidiaries since the Company anticipates that it is unlikely to identify another suitable acquisition target in the near future.
Total	23,626	19,544		19,544	

Use of Proceeds from the Listing (continued)

On 20 December 2019, the Company has resolved to have a third change to the use of Net Proceeds from the IPO (the "Third Change in UOP"). Details of the Third Change in UOP are set out as follows:

Proposed use of Net Proceeds as disclosed in the Prospectus	**Use of Proceeds (as revised by the Second Change in UOP)** HK$'000	**Unused Net Proceeds up to 20 December 2019 (before the Third Change in UOP)** HK$'000	**Revised allocation of unused Net Proceeds (the Third Change in UOP)**	**Revised allocation of unused Net Proceeds after Third Change in UOP** HK$'000	**Reasons for the revised use and allocation of Net Proceeds (the Third Change in UOP)**
Expand into the PRC market through acquisitions or establishment of subsidiaries	12,500	12,500	Acquisitions and development of subsidiaries in the PRC for green building certification and environmental consultancy services for which the target company has operations in both Northern and Southern China.	7,800	The revised use of proceeds is to better reflect the Company's current direction of expansion. The allocation of proceeds is adjusted downward because the valuation of target company was less than expected and upon negotiations with the counterparties, it was agreed that less equity interest will be acquired under the revised capital injection and equity transfer agreement signed on 18 December 2019 in relation to an acquisition of and capital injection in ("Acquisition") 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 (equivalent to approximately HK$7,700,000).
Acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business	3,000	–	–	–	–
Further expand and develop the Group's services to ESG and further strengthen and expand the Group's in-house team of professional staff	2,176	–	–	–	–

Use of Proceeds from the Listing (continued)

Proposed use of Net Proceeds as disclosed in the Prospectus	Use of Proceeds (as revised by the Second Change in UOP) HK$'000	Unused Net Proceeds up to 20 December 2019 (before the Third Change in UOP) HK$'000	Revised allocation of unused Net Proceeds (the Third Change in UOP)	Revised allocation of unused Net Proceeds after Third Change in UOP HK$'000	Reasons for the revised use and allocation of Net Proceeds (the Third Change in UOP)
Provide funding for the Group's working capital and other general corporate purposes	1,868	–	Transferred from the original purpose of expanding into the PRC market through acquisitions or establishment of subsidiaries.	4,700	The Board is of the view that the unutilised net proceeds of approximately of HK$4.7 million originally allocated to expand into the PRC market through acquisitions or establishment of subsidiaries shall now be better utilised to meet the current needs on financial activities of the Group. The re-allocation of the unutilised net proceeds could provide a better allocation of cash resources and strategic planning on working capital allocation and future investment opportunities. The proposed change is in line with the business strategy of the Group and will meet the financial needs of the Group more efficiently. It will also enhance the flexibility in the financial management of the Company.
Total	19,544	12,500		12,500	

Use of Proceeds from the Listing (continued)

On 16 March 2022, the Company has resolved to have a forth change to the use of Net Proceeds from the IPO (the "Forth Change in UOP"). Details of the Forth Change in UOP are set out as follows:

Proposed use of Net Proceeds as disclosed in the Prospectus	Use of Proceeds (as revised by the Third Change in UOP) HK$'000	Unused Net Proceeds up to 16 March 2022 (before the Fourth Change in UOP) HK$'000	Revised allocation of unused Net Proceeds (the Fourth Change in UOP)	Revised allocation of unused Net Proceeds after Fourth Change in UOP HK$'000	Reasons for the revised use and allocation of Net Proceeds (the Fourth Change in UOP)
Expand into the PRC market through acquisitions or establishment of subsidiaries	7,800	7,800	Expand existing PRC subsidiary for PRC expansion together with local partners	3,300	The revised use of proceeds is to better reflect the Company's current direction of expansion. The allocation of proceeds is adjusted because the COVID-19 situation is still evolving rapidly and there remains a substantial uncertainty of the global outbreak. Hence, the Company tends to focus on expansion in existing PRC subsidiary with direct control from headquarters in Hong Kong rather than acquisition or establishment of a new subsidiary to promptly react to potential uncertainty and to effectively align with the Company's PRC expansion strategy.
			Invest in diversified portfolio of investments products proposed by responsible investment committee	2,800	The Board is of the view that responsible investment as an investment approach that takes into account the impact of various environmental, social and governance, sustainability, climate resilience, biodiversity and Carbon Neutrality factors on the long-term investment returns and their respective positive impacts.

Use of Proceeds from the Listing (continued)

Proposed use of Net Proceeds as disclosed in the Prospectus	Use of Proceeds (as revised by the Third Change in UOP) HK$'000	Unused Net Proceeds up to 16 March 2022 (before the Fourth Change in UOP) HK$'000	Revised allocation of unused Net Proceeds (the Fourth Change in UOP)	Revised allocation of unused Net Proceeds after Fourth Change in UOP HK$'000	Reasons for the revised use and allocation of Net Proceeds (the Fourth Change in UOP)
					The Company believes that, by putting an appropriate emphasis on responsible investment, it can improve risk management, enhance long-term financial return and contribute positive societal change. The re-allocation of the unutilised net proceeds could deploy its financial resources more effectively to enhance the financial performance of the Group and therefore is in the interests of the Company.
Provide funding for the Group's working capital and other general corporate purposes	4,700	–	Transferred from the original purpose of expanding into the PRC market through acquisitions or establishment of subsidiaries.	1,700	The Board is of the view that the unutilised net proceeds in the sum of approximately HK$1.7 million originally allocated for expansion into the PRC market through acquisitions or establishment of subsidiaries shall now be better utilised to meet the current needs on daily operation of the Group. The re-allocation of the unutilised net proceeds could provide a better allocation of cash resources and strategic planning on working capital allocation. The proposed change is in line with the business strategy of the Group and will meet the financial needs of the Group more efficiently. It will also enhance the flexibility in the financial management of the Group.
Total	12,500	7,800		7,800	

Use of Proceeds from the Listing (continued)

As at 31 March 2022, the Net Proceeds have been applied and utilized as follows:

Proposed use of Net Proceeds after the Fourth Change in UOP on 16 March 2022	Adjusted planned use of Net Proceeds HK$'000	Approximate percentage of total adjusted planned use of Net Proceeds	Actual use of Net Proceeds up to 31 March 2022 HK$'000	Unused Net Proceeds up to 31 March 2022 HK$'000	Approximate percentage of total remaining unutilised Net Proceeds up to 31 March 2022	Expected timeline for utilization of the remaining Net Proceeds
Expand an existing PRC subsidiary for PRC expansion together with local partners	3,300	42.3%	3,300	–	–	–
Invest in diversified portfolio of investments products proposed by responsible investment committee (Note 1)	2,800	35.9%	1,570	1,230	100%	On or before 31 July 2022
Provide funding for the Group's working capital and other general corporate purposes	1,700	21.8%	1,700	–	–	–
Total	7,800	100%	6,570	1,230	100%	

Note:

1. The actual use of the remaining Net proceeds of approximately HK$1.23 million was slower than planned because it remains a significant uncertainty over the severity of the COVID-19 situation and the Group is still assessing the potential investments for the interests of the Group. It is expected to take place on or before 31 July 2022.

Events After Reporting Period

Bank Loan Facility

Subsequent to the end of the reporting period, the Group obtained an additional total of loan facility of HK$6,000,000. It included the bank overdraft of HK$2,500,000 and revolving loan of HK$3,500,000 and they are guaranteed by the executive directors of the Company and the Company. In addition, one of the subsidiaries early repaid a bank loan of approximately HK$3,500,000 and the total facilities of HK$7,000,000 from the bank was cancelled. The respective corporate guarantees provided by the Company and one of the subsidiaries of the Company and the Group's pledged deposits were released accordingly. Please refer to notes 28 and 41 of the audited consolidated financial statements for details.

Share Purchase Pursuant to Share Award Scheme

On 19 April 2022 and 22 April 2022, 6,000,000 and 2,000,000 issued shares had been purchased by BOCI Trustee respectively, acting as the trustee, on the Stock Exchange to hold on trust for any participant selected by the Remuneration Committee and the Board pursuant to the terms and conditions of the Share Award Scheme. For details, please refer to announcements of the Company dated 19 April 2022 and 22 April 2022.

Disclosures under Rules 17.22 to 17.24 of the GEM Listing Rules

As at 31 March 2022, 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 Directors and chief executives required to be disclosed pursuant to Rule 17.50A of the GEM Listing Rules during the year ended 31 March 2022.

Directors' Report

The Directors submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 March 2022.

Principal Activities and General Information

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 principal place of business is at 27/F, Overseas Trust Bank Building, 160 Gloucester Road, Wan Chai, Hong Kong.

The Company is an investment holding company. During the year ended 31 March 2022, the Company's subsidiaries were principally engaged in the provision of consultancy services relating to green building certification consultancy, sustainability and environmental consultancy, acoustics, noise and vibration control and audio-visual design consultancy and environmental, social and governance ("ESG") reporting and consultancy in Hong Kong, Macau and the mainland of the People's Republic of China ("Mainland China" or the "PRC"). Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"), including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments of the Group's business, are set out in the Management Discussion and Analysis set out on pages 9 to 27 of this annual report. This discussion forms part of this Directors' report. The Board has resolved not to declare any final dividend in respect of the year ended 31 March 2022.

Results and Appropriations

The financial performance of the Group for the year ended 31 March 2022 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 68 to 143 of this annual report.

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 May Han, Grace and Mr. Wu Dennis Pak Kit (the "Controlling Shareholders"), entered into a deed of non-competition dated 23 September 2016 (the "Deed of Non-competition") in favour of the Company, details of which were set out in the Prospectus, mainly to the effect 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 associates (other than members of the Group) (1) not to 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 (as defined below); and (2) not to engage, invest, participate or be interested (economically or otherwise) in any business involving the provisions 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.

Non-competition Undertaking by Controlling Shareholders (continued)

During the year ended 31 March 2022, none of the Controlling Shareholders or their respective associates had any business or interest in a business which competes or may compete with the business of the Group and any other conflict of interest with the Group.

The Controlling Shareholders have confirmed to the Company that during the year ended 31 March 2022, they and their respective associates have complied with the undertakings contained in the Deed of Non-competition.

Directors' Interest in Competing Business

Save and except for the interests of our Directors in our Company and its subsidiaries, during the year ended 31 March 2022, none of our Directors had any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business.

Environmental Policy

The Group recognizes its responsibility to protect the environment from its business activities. The Group has endeavoured to comply with the laws and regulations regarding environmental protection and encourages environmental protection and promotes awareness towards environmental protections among our staff.

Dividend Policy

The Group has adopted a dividend policy ("Dividend Policy") to enhance the transparency of the Company and to facilitate its shareholders ("Shareholders") and investors to make informed investment decisions relating to the Company. According to the Dividend Policy, in addition to final dividends, the Company may declare interim dividends or special dividends to the Shareholders from time to time. The recommendation of the payment of any dividend is subject to the absolute discretion of the Board. In proposing any dividend payout, the Board will take into account, *inter alia*, the Group's general financial position, current and future operations, working capital requirements, liquidity position and any other factors it may deem relevant from time to time. Any payment of the dividend by the Company is also subject to the applicable laws of the Cayman Islands and the articles of association of the Company.

The Dividend Policy will be reviewed from time to time and there is no assurance that any dividend will be paid in any particular amount for any given period or that the Company is obliged to declare any dividend at any time.

Key Relationship with Customers and Suppliers

The Group maintains good relationship with its customers and suppliers. During the year ended 31 March 2022, there was no dispute between the Group and its customers and suppliers.

Major Customers and Suppliers

The information in respect of the Group's sales and subcontracting cost attributable to the major customers and suppliers respectively during the year ended 31 March 2022 is as follows:

	Percentage of the Group's total	
	Revenue	**Subcontracting cost**
The largest customer	9.3%	N/A
Five largest customers in aggregate	29.7%	N/A
The largest supplier	N/A	13.9%
Five largest suppliers in aggregate	N/A	39.7%

At no time during the year have the Directors, their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the number of issued Shares) had any interest in these major customers and suppliers.

Reserves

Details of movements in the reserves of the Group during the year ended 31 March 2022 are set out in note 32 to the consolidated financial statements and in the consolidated statement of changes in equity included in this annual report.

Distributable Reserves

Pursuant to the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, share premium of the Company is distributable to the shareholders. As at 31 March 2022, the Company's reserve available for distribution to equity shareholders of the Company amounted to approximately HK$16.0 million (2021: approximately HK$19.7 million).

Share Capital

Details of the movements in share capital of the Company during the year ended 31 March 2022 are set out in note 31 to the consolidated financial statements of this annual report.

Capital Expenditure

The Company purchased property, plant and equipment amounting to approximately HK$0.4 million for the year ended 31 March 2022 which comprised acquisition of furniture, fixtures and office equipment and leasehold improvement.

Directors

The Directors during the year ended 31 March 2022 were:

Executive Directors

Ms. Kwok May Han Grace *(Chairman)*
Mr. Wu Dennis Pak Kit *(Vice Chairman)*

Independent Non-executive Directors

Professor Lam Kin Che
Ms. Wong Yee Lin Elaine
Mr. Li Wing Sum Steven
Mr. Szeto Chi Hang Clive

Further details of the Directors are set forth in the section headed "Biographical Details of Directors and Senior Management" of this report. To the best knowledge of the Directors, save as disclosed under the section headed "Biographical Details of Directors and Senior Management", there is no financial, business, family or other material or relevant relationships among members of the Board.

No Director who is required to retire by rotation and offer himself or herself for re-election at the forthcoming annual general meeting of the Company (the "Annual General Meeting") has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

Debenture

The Group has not issued any debentures during the year ended 31 March 2022.

Equity-linked Agreements

Details of the equity-linked agreements entered into during the year ended 31 March 2022 or subsisting as at 31 March 2022 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 year ended 31 March 2022. As at 31 March 2022, there was no outstanding option under the Share Option Scheme.

Equity-linked Agreements (continued)

Share Option Scheme (continued)

1. Purpose	(i) to motivate the Eligible Participants (defined below) to optimise their performance efficiency for the benefit of the Group; and (ii) to attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.
2. Who may join	(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (ii) any Directors (including executive Directors, non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries; and (iii) any advisers, consultants, suppliers, customers, agents and related entities to the Company or any of its subsidiaries, each an "Eligible Participant".
3. Maximum number of shares	120,000,000 shares of HK$0.01 each, being 10% of the total number of shares of HK$0.01 each in issue immediately following completion of the placing on the Listing Date. Upon the Share Consolidation of every two shares of HK$0.01 each into one share of HK$0.02 each taking effect on 10 March 2021, the maximum number of shares available to be granted pursuant to the options granted under the Share Option Scheme was adjusted to 60,000,000 Consolidated Shares of HK$0.02 each.
4. Maximum number of options which may be granted to any one individual	1% of the shares in issue as of the date of grant in any 12-month period up to the date of grant.
5. Period within which the securities must be taken up under an option	An option may be exercised in accordance with the terms of the Share Option Scheme and the terms of grant as may be determined by the Directors provided that no option may be exercised after the expiry of 10 years from the date of grant.
6. Minimum period or performance target for which an option must be held before it can be exercised	There is no such requirement imposed by the Share Option Scheme, provided that the Directors may impose such requirement upon grant of the option on which the option is deemed to be granted and accepted.
7. Amount payable on application or acceptance of the options	Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant.

Equity-linked Agreements (continued)

Share Option Scheme (continued)

8.	Exercise price of shares	The exercise price must not be less than the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.
9.	Remaining life of the scheme	Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme will expire on 22 September 2026, provided that the provision of the Share Option Scheme shall remain in force to the extent of any option granted prior thereto.

Share Award Scheme

On 8 February 2017 (the "Adoption Date"), the Company approved the adoption of the Share Award Scheme to complement its human resources policy for enhancing staff welfares to retain the loyalty of the talents and in order that 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.

On 24 December 2020, the Board resolved to top up the maximum number of shares under the Share Award Scheme to 37,200,000 shares (with par value of HK$0.01 each) in order to enable the Company to provide more incentives to the staff and retain those capable staff to continue to serve the Company. The Company and BOCI-Prudential Trustee Limited ("BOCI Trustee"), the trustee under the Share Award Scheme, entered into a supplemental deed to the trust deed in this regard and the Company received the executed supplemental deed from BOCI Trustee on 5 January 2021.

On 22 March 2022, the Board resolved to further top up the maximum number of shares under the Share Award Scheme from 37,200,000 shares (with par value of HK$0.01 each) to 60,000,000 shares (with par value of HK$0.02 each) in order to enable the Company to provide more incentives to the staff and retain those capable staff to continue to serve the Company. The Company and BOCI Trustee entered into a second supplemental deed to the trust deed in this regard and the Company received the executed supplemental deed from BOCI Trustee on 12 April 2022. For details, please refer to the announcement of the Company dated 12 April 2022.

During the year ended 31 March 2022, no issued shares had been purchased by BOCI Trustee, acting as the trustee, on the Stock Exchange to hold on trust for any participant. As at 31 March 2022, 11,203,334 issued shares were held by the trustee.

Equity-linked Agreements (continued)

Share Award Scheme (continued)

During the year ended 31 March 2022, restricted shares were awarded to selected participants pursuant to the Share Award Scheme. Details of the restricted shares awarded were as follows:

	Number of shares					
Date of grant	**As at 1 April 2021**	**Granted during the year**	**Vested during the year**	**Lapsed during the year**	**As at 31 March 2022**	**Vesting period**
18 December 2019	3,713,334	–	(1,440,000)	(833,334)	1,440,000	18 December 2020 – 18 December 2022 Notes (a), (b)
31 August 2021	–	9,430,000	–	(780,000)	8,650,000	31 August 2022 – 31 August 2024 Notes (a), (b)
	3,713,334	9,430,000	(1,440,000)	(1,613,334)	10,090,000	

Notes:

(a) The awarded shares are subject to a vesting scale in tranches of 33% of the awarded shares respectively on the first and second anniversary dates of the grant date and the balance of the remaining awarded shares on the third anniversary date of the grant date. In case such anniversary date is not a business date, the date of vesting shall be the business day immediately thereafter.

(b) During the years ended 31 March 2021 and 2022, Ms. Kwok May Han Grace and Mr. Wu Dennis Pak Kit, being Directors of the Company, participated in the Share Award Scheme.

Further details of the Share Award Scheme are also set out in note 35 to the consolidated financial statements of this annual report.

Save as disclosed above, at no time during the year was the Company, or any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

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 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 31 March 2022, 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 (《證券及期貨條例》) (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 are 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 Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, are 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	368,330,799 (long position)	52.51%
Mr. Wu Dennis Pak Kit ("Mr. Wu") (Note)	Beneficial owner and interest of spouse	368,330,799 (long position)	52.51%

Note: Among these 368,330,799 Shares, (i) 360,850,800 Shares are held by Gold Investments Limited ("Gold Investments"), a company incorporated in the British Virgin Islands (the "BVI") and 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 and the vice chairman and the husband of Ms. Kwok, (ii) 3,508,333 Shares are held by Ms. Kwok as beneficial owner and (iii) 3,971,666 Shares are held by Mr. Wu as beneficial owner. Accordingly, Ms. Kwok is deemed to be interested in those Shares held by Gold Investments and Mr. Wu under the SFO, and Mr. Wu is deemed to be interested in those 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	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 Gold Investments and Mr. Wu under the SFO, and Mr. Wu is deemed to be interested in the Shares held by Ms. Kwok under the SFO.

Save as disclosed above, as at 31 March 2022, 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 standard of dealings by Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

Save for the Share Award Scheme as disclosed in this report, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted as at 31 March 2022 or at any time during the year ended 31 March 2022.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As far as the Directors are aware, as at 31 March 2022, the following persons (other than a Director or chief executive of the Company) have or are 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	360,850,800 (long position)	51.44%
Dr. Wong Wing Ho James	Beneficial owner	54,580,800 (long position)	7.78%
City Beat Limited ("City Beat") (Note 2)	Beneficial owner	42,776,200 (long position)	6.10%

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, each a Director.

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 is deemed to be interested in the Shares held by City Beat.

Save as disclosed above, as at 31 March 2022, the Company has not been notified by any persons (other than Directors or chief executive of the Company) who have interests or short positions in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO 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

Other than the Share Option Scheme, the Share Award Scheme and as disclosed under the section headed "Directors' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations" above, at no time during the year ended 31 March 2022 and up to the date of this report, has the Company or any of its subsidiaries, or any of its fellow subsidiaries, been a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the GEM Listing Rules) 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.

Remuneration of Directors and Five Individuals with Highest Emoluments

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in notes 10 and 11 to the consolidated financial statements of this report, respectively. No Director has waived or has agreed to waive any emolument during the year ended 31 March 2022.

Sufficiency of Public Float

Based on information that is publicly available to the Company and based on the best knowledge of the Directors, the Company has maintained the prescribed public float under the GEM Listing Rules of at least 25% of the Company's total number of issued Shares which was held by the public during the year ended 31 March 2022 and as of the date of this annual report.

Connected Transactions

Details of the related party transactions of the Company are set out in note 37 to the consolidated financial statements of this annual report. The related party transactions of the Company did not constitute connected transactions or continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules which are required to comply with the reporting, announcement and/or independent shareholders' approval requirements under the GEM Listing Rules.

Compliance with Laws and Regulations

As far as the Board and the management are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 March 2022, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Emolument and Remuneration Policy

The Company has established a remuneration committee for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practice.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year ended 31 March 2022.

Bank Borrowings

Particulars of bank borrowings of the Group as at 31 March 2022 are set out in note 28 to the consolidated financial statements of this annual report.

Confirmation of Independence

In accordance with Rule 5.09 of the GEM Listing Rules, the Company has received from each of its independent non-executive Directors the written confirmation of his/her independence. The Company, based on such confirmations, considers Professor Lam Kin Che, Mr. Li Wing Sum Steven, Ms. Wong Yee Lin Elaine and Mr. Szeto Chi Hang Clive are independent.

Tax Relief and Exemption

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

Pre-emptive Rights

There are no provision for pre-emptive rights under the Articles of Association of the Company (the "Articles") or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

Permitted Indemnity Provision

A permitted indemnity provision (as defined in section 469 of the Companies Ordinance) for the benefit of the Directors is currently in force and was in force throughout the year ended 31 March 2022.

Pursuant to the Articles and subject to the laws of the Cayman Islands, every Director or his or her heirs, executors and administrators shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she shall or may incur or sustain or by reason of any act done, incurred in or omitted in or about the execution of his or her duties, or supposed duty, in his or her office.

The Company has arranged appropriate insurance cover for the Directors' and officers' liabilities in respect of legal actions against the Directors and senior management of the Company arising out of corporate activities.

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

Save as disclosed in note 32 to the consolidated financial statements of this annual report, none of the Company or any of its subsidiaries purchased or sold or redeemed any of the Company's listed securities during the year ended 31 March 2022 and thereafter up to the date of this report.

Corporate Governance Code

The Company is committed to maintaining good corporate governance standard and procedures.

In accordance with code provision A.2.1 of the Corporate Governance Code (the "CG Code") (which has been renumbered as code provision C.2.1 with effect from 1 January 2022), 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 and the role and function of the chief executive of the Company have been de facto carried out by Ms. Kwok 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 year ended 31 March 2022 and up to the date of this report, the Group has complied with all the code provisions of the CG Code.

Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 46 to 60 of this annual report.

Compliance with Code of Conduct for Directors' Securities Transactions

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries by the Company, all Directors confirmed that they had complied with the standard of dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company during the year ended 31 March 2022 and up to the date of this report.

Corporate Governance, Environmental and Social Responsibility

The Group is committed to the principles of good corporate governance, and strives to integrate corporate social responsibility into its business strategy and management approach.

The ESG Report of the Group will be prepared and published in accordance with Appendix 20 to the GEM Listing Rules.

Charitable Donations

Charitable donations made by the Group during the year ended 31 March 2022 amounted to HK$80,000 (31 March 2021: HK$59,000).

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in the financial summary on page 144 of this annual report.

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, among other things, to review and supervise the financial reporting process and internal control procedures of the Group. During the year ended 31 March 2022, the Audit Committee comprised three independent non-executive Directors, namely Mr. Li Wing Sum Steven, Professor Lam Kin Che and Ms. Wong Yee Lin Elaine. Mr. Li Wing Sum Steven, 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 2022, 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 2022 and this report 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.

Independent Auditor

The consolidated financial statements of the Group for the year ended 31 March 2022 have been audited by Moore Stephens CPA Limited whose term of office will expire upon conclusion of the forthcoming Annual General Meeting. A resolution to re-appoint Moore Stephens CPA Limited as independent auditor of the Company will be proposed at the forthcoming Annual General Meeting.

Closure of the Register of Members

The forthcoming Annual General Meeting is scheduled to be held on Wednesday, 10 August 2022. For the purpose of determining the entitlement to attend and vote at the Annual General Meeting, the Register of Members of the Company will be closed from Friday, 5 August 2022 to Wednesday, 10 August 2022, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 4 August 2022.

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

Hong Kong, 24 June 2022

Biographical Details of Directors and Senior Management

The biographical details of the Directors and Senior Management of the Group as at the date of this report are as follow:

Executive Directors

Ms. Kwok May Han Grace (郭美珩), aged 48, was appointed as the executive Director of the Company on 11 November 2015 and chairman of the Board on 11 November 2016. Ms. Kwok is also the compliance officer of the Company and one of the authorised representatives under Rule 5.24 of the GEM Listing Rules. She is responsible for the overall planning, management and strategic development of the Group and oversees the operations of the Group's business.

Ms. Kwok joined the Group in April 1999 and has over 20 years' experiences working as acoustics, environmental and sustainability consultant. She was appointed as a director of AEC Hong Kong on 10 June 2004. She was accredited as a member of the Green Building Faculty since 2012. She also possessed various professional qualifications, including LEED Accredited Professional recognized by the Green Building Certification Institute in November 2007, BEAM Professional since July 2010 (including accredited as BEAM Pro Neighbourhood in 2017) by the Hong Kong Green Building Council, BREEAM Accredited Professional and BREEAM In-Use Assessor in 2016 by the BRE Academy and authorized GBL Manager by the China Green Building (Hong Kong) Council in 2017. She received a certificate on training from the China Green Building Council in March 2015 and certificate from GRI on G4 exam on sustainability reporting in January 2016. Ms. Kwok is an Immediate Past Chairperson of the Construction Environmental Management Expert Panel of the BEAM Society Limited. Appointed as the Board of Director of Hong Kong Green Building Council (HKGBC) and served as member in various standing committees, including Communications and Membership Committee, and Sustainable Development Committee. She is a founding fellow and serves on the Board of Directors of the Hong Kong Institute of Qualified Environmental Professionals (HKIQEP) and also a fellow member of the Hong Kong Institute of Acoustics (HKIOA).

On 24 February 2021, Ms. Kwok has been appointed as a member of the Council for Sustainable Development under the Environment Bureau, the Government of the Hong Kong for a two-year term starting from 1 March 2021.

Ms. Kwok graduated from The Hong Kong Polytechnic University with a degree of Bachelor of Engineering in Environmental Engineering in November 1998. She is the wife of Mr. Wu Dennis Pak Kit, an executive Director of the Company.

Mr. Wu Dennis Pak Kit (胡伯杰), aged 47, has been re-designated as an executive Director and appointed as the Vice Chairman of the Board with effect from 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. Mr. Wu helped 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.

Mr. Wu is also the Founder and CEO of AEC Capital Limited focusing on sustainable finance, real estate and investment management. Mr. Wu has 20 years of experience in finance industry. He worked as an accounting supervisor at Techno Group, a company engaging in manufacturing of plastic moulds for home appliances, in Hong Kong from April 1998 to June 2000. From September 2000, he worked as a staff accountant at the Assurance and Business Advisory Services Department of Arthur Andersen (which was acquired by PricewaterhouseCoopers since July 2002) and he left the firm as a senior associate in April 2003. He was the executive director in the finance department of CITIC Capital Holdings Limited, a company focusing on alternative asset management including private equity, real estate, mezzanine venture capital and marketable securities from April 2003. During the period of 1 July 2017 to 30 June 2020, he was appointed as the executive director in the principle investment department of the same company. He is also a director of Hong Kong Private Equity Finance Association which aims to promote the private equity and venture capital industry in Hong Kong. Mr. Wu received a certificate on training from China Green Building Council in March 2015. He is the husband of Ms. Kwok May Han Grace, the executive Director of the Company and the chairman of the Board.

Executive Directors (continued)

Mr. Wu graduated from the University of Southern California in the United States with a bachelor's degree in Business Administration, majoring in Finance, in December 1996. He obtained a master degree of Accountancy from The Chinese University of Hong Kong in November 2001.

Independent Non-executive Directors

Professor Lam Kin Che (林健枝) ("Professor Lam"), *SBS, JP*, aged 74, was appointed as an independent non-executive Director of the Company on 23 September 2016.

Professor Lam was admitted as an honorary fellow of The Chartered Institution of Water and Environmental Management, the United Kingdom in April 2006, of Hong Kong Institute of Acoustics in June 2012 and The Hong Kong Institute of Environmental Impact Assessment in June 2012.

For community services in Hong Kong, Professor Lam was a council member of the Sustainable Council from March 2003 to February 2011, the Advisory Committee on Water Resources and Quality of Water Supplies from April 2000 to March 2004, Hong Kong Observatory from October 2006 to September 2010, and the Advisory Committee on Agriculture and Fisheries from May 1988 to May 1992. He served as the Chairman of the Advisory Council on the Environment from January 2003 to December 2009 and has been the Chairman of the Biodiversity Strategy and Action Plan Steering Committee from June 2013 to May 2016. He was also a member of the Appeal Board Panel (Town Planning) from November 1991 to December 1999, Registration of Persons Tribunal from June 1999 to May 2005, Air Pollution Control Appeal Board Panel from March 1989 to January 2001, Noise Control Appeal Board Panel from February 1989 to January 2004, Environmental Impact Assessment Appeal Board Panel from the April 2013 to March 2016, and Waste Disposal Appeal Board Panel from February 2013 to January 2016, all of which are boards, committees or councils of the Government of Hong Kong.

Professor Lam has been an adjunct professor of the Department of Geography & Resources Management of The Chinese University of Hong Kong since August 2012.

Professor Lam graduated from The University of Hong Kong with a degree of Bachelor in Arts in November 1970 and a degree of Master of Philosophy in November 1974. He obtained a degree of Doctor of Philosophy from The University of New England in Australia in April 1981.

Mr. Li Wing Sum Steven (李永森) ("Mr. Li"), aged 65, was appointed as an independent non-executive Director of the Company on 30 June 2018.

Mr. Li is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Li has accumulated over 30 years' experience in auditing, accounting, company secretarial services, taxation and financial management. Mr. Li once served as financial controller, executive director, independent non-executive director and company secretary in several Hong Kong listed companies, and currently, he is still acting as an independent non-executive director in other two Hong Kong listed companies, namely Wang On Properties Limited (Stock Code: 1243) and Amasse Capital Holdings Limited (Stock Code: 8168) . He was the independent non-executive director of Xinjiang Xinxin Mining Industry Co., Ltd. (Stock Code: 3833) for the period from 14 October 2011 to 24 May 2019.

Independent Non-executive Directors (continued)

Ms. Wong Yee Lin Elaine (王綺蓮) ("Ms. Wong"), aged 67, was appointed as an independent non-executive Director of the Company on 23 September 2016.

Ms. Wong has over 25 years human resources experience. She is a fellow member of Hong Kong Institute of Human Resources Management ("HKIHRM"), also member of the Talent Management Committee and Remuneration Committee of HKIHRM.

Ms. Wong is currently a member of the Staff Panel of Scout Association of Hong Kong and Council member of Hong Kong Credible Care Volunteers Association Limited (NGO). She also serves as Human Resource Advisor for master students in Hong Kong Baptist University.

Ms. Wong was the Managing Director, Head of Human Resources of CITIC Securities International Company Limited. She has served various organizations including China CITIC Bank International Limited, CITIC Capital Holdings Limited, Jardine Fleming Holdings Limited (now known as J.P. Morgan Holdings Limited), Standard Chartered Bank, Unisys Computers Limited, Tandem Computers Limited (now known as Hewlett Packard Ltd.), Enviropace Limited (now known as Ecospace Limited) and Northwest Airlines (now known as Delta Airlines).

Ms. Wong obtained a Master degree in Human Resources Management through a distance learning program from American States University in USA. She also got Certificates of Competence in Occupational Testing from the British Society of Psychology.

Mr. Szeto Chi Hang Clive (司徒智恒) ("Mr. Szeto"), aged 51, was appointed as an independent non-executive Director of the Company on 4 June 2019.

Mr. Szeto has accumulated over 29 years' experience in electronic engineering, sales and marketing, business development and solid team management. Mr. Szeto once served as a business development director, director of marketing, director of sales and Vice-President of sales and business development in several Hong Kong and multinational electronics, engineering and technology companies, and he is the founder of a consulting platform and supporting a number of business development and initial public offering projects. Mr. Szeto graduated from The University of Hong Kong with a bachelor's degree in electrical and electronic engineering in 1993.

Senior Management

Mr. Fung Man Kit (馮文傑) ("Mr. Fung"), aged 50, is our Associate Director, with 27 years of experience in the building construction industry. Mr. Fung has both design and management skills in a diverse range of large-scale projects including performance venues, retails, sport facilities, theatres, schools, critical facilities, convention centres, leisure and entertainment venues, commercial buildings, residential buildings, industrial buildings, hotels, and transportation terminals and so forth. Mr. Fung is principally in charge of supervising the acoustics and audio-visual team of AEC Group and is responsible for design management, project execution, business development and strategic planning of the Group.

Senior Management (continued)

Mr. Lai Ka Yeung Andy (黎家揚) ("Mr. Lai"), aged 36, is our Senior Principal Consultant, with extensive experience in the environmental and green building consultancy industry across a diversified project portfolio, including residential buildings, commercial offices, retail, industrial buildings and data centers, in both public and private sectors. Mr. Lai joined our Group in November 2011. Mr. Lai is responsible for project management, coordination and progress monitoring of on-going green building certification projects including Building Environmental Assessment Method (BEAM Plus), Leadership in Energy and Environmental Design (LEED), WELL Building Standard, Fitwel Standard, RESET Air, Building Research Establishment Environmental Assessment Method (BREEAM) and Civil Engineering Environmental Quality Assessment and Award Scheme (CEEQUAL). He obtained his Bachelor of Science degree from University of Nottingham in July 2008 and Master of Science in Environmental Engineering degree from The University of Hong Kong in November 2016.

Ms. Lin Yu (林宇) ("Ms. Lin"), aged 36, is our Senior Principal Consultant. Ms. Lin joined our Group in April 2015. She has extensive experience in providing green building design and certification consultancy services for various certification schemes, including BEAM Plus, Leadership in Energy and Environmental Design (LEED) and China Green Building Design Label (GBL). She has been involved in various types of green building design and certification projects, including public housing development projects, government and community development projects, private residential projects and commercial development projects. Ms. Lin graduated from HKUST with a Master's degree in 2009. She holds various professional qualifications, including BEAM Professional (NB, EB, BI & ND), LEED Accredited Professional (BD+C) and GBL Manager.

Ms. Man Yi Hang Cathy (文爾珩) ("Ms. Man"), aged 36, is our Senior Principal Consultant, with extensive experience in environmental assessments, from environmental planning support to EIAs, for developments in both public and private sectors. Ms. Man joined our Group in September 2010 and is responsible for project execution, management, coordination and progress monitoring of on-going projects. She obtained Bachelor of Social Science Degree in 2008 and a Master of Environmental Science Degree from University of Sydney in July 2010. She holds various professional qualifications, including BEAM Professional (BEAM Pro), Member of Hong Kong Institution of Qualified Environmental Professional (MHKIQEP), Member of Chartered Institution of Water and Environmental Management (MCIWEM) and CEEQUAL Assessor.

Ir. Cheung Siu Ming (張兆明) ("Ir. Cheung"), aged 34, is our Senior Principal Consultant, with diversified experience in building sustainability and environmental assessment. He is a Chartered Professional Engineer (CPEng) in Engineers Australia and Member (MHKIE) in the Hong Kong Institution of Engineers. Ir. Cheung joined our Group in April 2012 and played a key role in innovative projects across disciplines including corporate sustainability, ESG strategies, decarbonization roadmap, net-zero & carbon neutrality design and life cycle carbon assessment. Ir. Cheung has been leading green building design projects for both new and existing developments such as HK BEAM Plus, LEED, WELL and EDGE from government to commercial sectors. He is also familiar with environmental assessment to discharge requirement of land lease or planning application and promote sustainable design of buildings. He is a certified professional in noise modelling by the Hong Kong Institute of Qualified Environmental Professionals (MHKIQEP, CNM) and has been involved in noise reduction window design and noise impact assessment. Ir. Cheung obtained his Bachelor of Engineering in Electronic and Information Engineering in 2009 and Master of Science in Environmental Management and Engineering in 2010 from the Hong Kong Polytechnic University.

Company Secretary

Mr. Siu Chun Pong Raymond (蕭鎮邦) ("Mr. Siu") has been appointed as the company secretary of the Company on 18 June 2019.

Mr. Siu, aged 42, has been a practising solicitor of The High Court of Hong Kong since 2005. Mr. Siu has over 16 years of practical experiences in corporate finance and regulatory compliance. He is the founder and the senior partner of Raymond Siu & Lawyers. Mr. Siu graduated from The University of Hong Kong with a Bachelor of Laws degree and University College London with a Master of Laws degree.

Corporate Governance Practices

The Company is committed to maintaining good corporate governance standard and procedures. The Company's corporate governance practices for the year ended 31 March 2022 were 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 (which has been renumbered as code provision C.2.1 with effect from 1 January 2022), 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.

Save as disclosed above, during the year ended 31 March 2022 and up to the date of this report, 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 since 1 April 2021 and up to the date of this report.

Board of Directors

As at 31 March 2022, the Board comprised six Directors, including two executive Directors and four independent non-executive Directors. All Directors were directors throughout the year ended 31 March 2022. Details of their composition by category are as follows:

Name	Position	Date of appointment/ re-designation
Ms. Kwok May Han Grace	Executive Director Chairman of the Board	11 November 2015 11 November 2016
Mr. Wu Dennis Pak Kit (Note)	Executive Director Vice Chairman of the Board	1 July 2020 1 July 2020
Professor Lam Kin Che	Independent non-executive Director	23 September 2016
Ms. Wong Yee Lin Elaine	Independent non-executive Director	23 September 2016
Mr. Li Wing Sum Steven	Independent non-executive Director	30 June 2018
Mr. Szeto Chi Hang Clive	Independent non-executive Director	4 June 2019

Note: Mr. Wu Dennis Pak Kit was a non-executive Director between 16 November 2015 to 30 June 2020 and was re-designated as an executive Director on 1 July 2020.

Responsibilities, Accountability and Contributions of the Board and Management

The Board's main functions include:

(i) approving the Group's overall business plans and strategies, monitoring the implementation of these policies and strategies and the management of the Group;

(ii) developing and reviewing the Company's policies and practices on corporate governance;

(iii) reviewing the Group's compliance with the CG Code and disclosure in the Corporate Governance Report;

(iv) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; and

(v) monitoring the risk management and internal control systems of the Company and reviewing their effectiveness. Daily business operations and administrative functions of the Group are delegated to the executive Director and the senior management of the Group. The Board acts collectively by majority decisions in accordance with the Articles and the applicable laws, and no single Director has any decision-making power unless otherwise authorised by the Board.

Board Meetings and Board Practices

The Directors can attend meetings in person or through other means of electronic communication in accordance with the Articles. All minutes of the Board meetings were recorded in sufficient detail the matters considered by the Board and the decisions reached.

During the year ended 31 March 2022, five board meetings and one general meetings were held. Details of the attendance of the Directors are as follows:

Directors	**Attendance/Number of general meeting entitled to attend**	**Attendance/Number of Board meetings entitled to attend**
Ms. Kwok May Han Grace *(Chairman)*	1/1	5/5
Mr. Wu Dennis Pak Kit *(Vice Chairman)*	1/1	5/5
Professor Lam Kin Che	1/1	5/5
Mr. Li Wing Sum Steven	1/1	5/5
Ms. Wong Yee Lin Elaine	1/1	5/5
Mr. Szeto Chi Hang Clive	1/1	5/5

Appointment, Re-election and Removal of Directors

The Articles provide that subject to the manner of retirement by rotation of Directors as from time to time prescribed by the GEM Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

Under the code provision A.4.1 of the CG Code, the non-executive Directors should be appointed for a specific term. The Company has entered into a service contract with the executive Director for a term of three years commencing from 17 October 2019, subject to the early removal, retirement and re-election provisions in the Articles. The Company has also entered into (i) letters of appointment with Professor Lam Kin Che and Ms. Wong Yee Lin Elaine for a term of three years commencing from 23 September 2019, subject to the early removal, retirement and re-election provisions in the Articles; (ii) a letter of appointment with Mr. Li Wing Sum Steven for a term of three years commencing from 30 June 2021, subject to the early removal, retirement and re-election provisions in the Articles and (iii) a letter of appointment with Mr. Szeto Chi Hang Clive for a term of three years commencing from 4 June 2022, subject to the early removal, retirement and re-election provisions in the Articles.

Continuous Professional Development

According to the code provision A.6.5 of the CG Code (which has been renumbered as code provision C.1.4 with effect from 1 January 2022), all Directors shall participate in continuous professional development to develop their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

During the year ended 31 March 2022, all the Directors had participated in seminars/courses and read articles, as below, in relation to Director's responsibilities and obligations under the GEM Listing Rules and relevant statues, laws, rules and regulations arranged by accredited service providers.

Name of Directors	Attending seminars/courses	Reading articles
Ms. Kwok May Han Grace	✔	✔
Mr. Wu Dennis Pak Kit	✔	✔
Professor Lam Kin Che	✔	✔
Mr. Li Wing Sum Steven	✔	✔
Ms. Wong Yee Lin Elaine	✔	✔
Mr. Szeto Chi Hang Clive	✔	✔

Independent Non-executive Directors

During the year ended 31 March 2022, the Company has four independent non-executive Directors in compliance with Rule 5.05(1) of the GEM Listing Rules. Furthermore, among the four independent non-executive Directors, Mr. Li Wing Sum Steven has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules.

The Company has also complied with Rule 5.05A of the GEM Listing Rules as the four independent non-executive Directors represent more than one-third of the Board.

In accordance with Rule 5.09 of the GEM Listing Rules, the Company has received from each of its independent non-executive Directors the written confirmation of his/her independence. The Company, based on such confirmations, considers Professor Lam Kin Che, Mr. Li Wing Sum Steven, Ms. Wong Yee Lin Elaine and Mr. Szeto Chi Hang Clive are independent.

Chairman and Chief Executive

According to code provision A.2.1 of the CG Code (which has been renumbered as code provision C.2.1 with effect from 1 January 2022), 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 and the role of chief executive of the Company also carried out by Ms. Kwok May Han Grace. 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.

Company Secretary

Mr. Siu Chun Pong Raymond has taken not less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules during the year ended 31 March 2022.

Compliance Officer

Pursuant to Rule 5.19 of the GEM Listing Rules, Ms. Kwok May Han Grace, who is also an executive Director and the chairman of the Board, was appointed as the compliance officer of the Company on 10 June 2016. The biographical details of Ms. Kwok are set out under the section headed "Biographical Details of Directors and Senior Management" of this report.

Board Committees

While at all times the Board is responsible for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various Board committees which have been established by the Board to deal with different aspects of the Company's affairs. Unless otherwise specified in their respective written terms of reference as approved by the Board, these Board committees are governed by the Articles as well as the Board's policies and practices (in so far as the same are not in conflict with the provisions contained in the Articles).

With the establishment of the Audit Committee, the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee"), the independent non-executive Directors will be able to effectively devote their time to perform the duties required by the respective Board committees.

The Board has also established the environmental, social and governance committee (the "ESG Committee") and the risk management committee (the "Risk Management Committee") to review and monitor the Group's specific policies and practices to ensure compliance with the relevant legal and regulatory requirements.

Besides, the Board has also established the responsible investment committee (the "Responsible Investment Committee") to handle any issues or affairs related to responsible investment of the Company. The investment approach takes into account the impact of ESG, sustainability, climate resilience, biodiversity and carbon neutrality factors on the long-term investment returns and their respective positive impacts.

The Board has also delegated the responsibility of implementing its strategies and the day-to-day operation to the management of the Company under the leadership of the executive Directors. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, finance and financial reporting, internal controls, communication with shareholders, board membership, delegation of authority and corporate governance.

Board Committees (continued)

Audit Committee

The Board established the Audit Committee on 23 September 2016 with written terms of reference in compliance with the GEM Listing Rules. The terms of reference of the Audit Committee are available on both the Stock Exchange's website and the Company's website. The primary duties of the Audit Committee include (but without limitation):

(i) assisting the Board by providing an independent view of the effectiveness of the financial reporting process;

(ii) making recommendation to the Board on the appointment and removal of external auditors;

(iii) reviewing the Group's financial information and disclosures;

(iv) overseeing the audit process, to develop and review the Group's policies and practices on compliance with legal and regulatory requirements; and

(v) performing other duties and responsibilities as assigned by the Board.

The composition of the Audit Committee during the year ended 31 March 2022 is as follows:

Mr. Li Wing Sum Steven *(Chairman)*
Professor Lam Kin Che
Ms. Wong Yee Lin Elaine

Mr. Li Wing Sum Steven, who has appropriate professional qualifications and experience in accounting matters, was appointed as the Chairman of the Audit Committee.

Four Audit Committee meetings were held during the year ended 31 March 2022. During the year ended 31 March 2022, the Audit Committee has:

(i) reviewed the unaudited quarterly and interim results;

(ii) reviewed the necessity to establish an internal audit function; and

(iii) monitored the audit and non-audit (if any) services rendered to the Group by its auditor and ensure that their engagement in other non-audit services will not impair their audit independence or objectivity.

Apart from the Audit Committee meetings, the independent non-executive Directors have met its external auditor to discuss matters relating to the Company's audit fees and other issues arising from the audit for the year ended 31 March 2022. The attendance record of each member at the Audit Committee meetings is set out as follows:

Directors	**Attendance/Number of Audit Committee meetings entitled to attend**
Professor Lam Kin Che *(Independent non-executive Director)*	4/4
Mr. Li Wing Sum Steven *(Independent non-executive Director)*	4/4
Ms. Wong Yee Lin Elaine *(Independent non-executive Director)*	4/4

Board Committees (continued)

Remuneration Committee

The Board established the Remuneration Committee on 23 September 2016 with written terms of reference in compliance with the GEM Listing Rules. The terms of reference of the Remuneration Committee are available on both the Stock Exchange's website and the Company's website. The primary duties of the Remuneration Committee include (but without limitation):

(i) making recommendations to the Directors regarding the Group's policy and structure for the remuneration of all of our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies;

(ii) making recommendations to the Board on the remuneration packages of the individual executive Director and senior management;

(iii) reviewing and approving the management's remuneration proposals by reference to the Board's corporate goals and objectives; and

(iv) considering and approving the grant of share options to eligible participants pursuant to the Share Option Scheme.

The composition of the Remuneration Committee during the year ended 31 March 2022 is as follows:

Ms. Wong Yee Lin Elaine *(Chairman)*
Mr. Li Wing Sum Steven
Professor Lam Kin Che
Ms. Kwok May Han Grace
Mr. Wu Dennis Pak Kit

Two Remuneration Committee meetings were held during the year ended 31 March 2022. The Remuneration Committee reviewed the policy for the remuneration of all the Directors, assessed the performance of the executive Directors and approved the terms of the executive Directors' service contracts for the year ended 31 March 2022. The Remuneration Committee also made recommendations to the Board on the remuneration packages of the individual executive Director and senior management for the year ended 31 March 2022. The attendance record of each member at the Remuneration Committee meetings is as follows:

Directors	**Attendance/Number of Remuneration Committee meetings entitled to attend**
Ms. Wong Yee Lin Elaine *(Independent non-executive Director)*	2/2
Mr. Li Wing Sum Steven *(Independent non-executive Director)*	2/2
Professor Lam Kin Che *(Independent non-executive Director)*	2/2
Ms. Kwok May Han Grace *(Executive Director)*	2/2
Mr. Wu Dennis Pak Kit *(Executive Director)*	2/2

Board Committees (continued)

Nomination Committee

The Board established the Nomination Committee on 23 September 2016 with written terms of reference in compliance with the GEM Listing Rules. The terms of reference of the Nomination Committee are available on both the Stock Exchange's website and the Company's website. The primary duties of the Nomination Committee include (but without limitation):

(i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(ii) identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;

(iii) assessing the independence of independent non-executive Directors; and

(iv) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman.

The composition of the Nomination Committee during the year ended 31 March 2022 is as follows:

Ms. Kwok May Han Grace *(Chairman)*
Mr. Li Wing Sum Steven
Ms. Wong Yee Lin Elaine
Professor Lam Kin Che
Mr. Wu Dennis Pak Kit

One Nomination Committee meeting was held during the year ended 31 March 2022. The Nomination Committee determined the policies for the nomination of directors, including the nomination procedures and the process and criteria to select and recommend candidates for directorship during the year ended 31 March 2022. It also reviewed the Company's policies concerning board diversity for the year ended 31 March 2022. The attendance record of each member at the Nomination Committee meeting is as follows:

Directors	**Attendance/Number of Nomination Committee meeting entitled to attend**
Ms. Kwok May Han Grace *(Executive Director)*	1/1
Mr. Li Wing Sum Steven *(Independent non-executive Director)*	1/1
Ms. Wong Yee Lin Elaine *(Independent non-executive Director)*	1/1
Professor Lam Kin Che *(Independent non-executive Director)*	1/1
Mr. Wu Dennis Pak Kit *(Executive Director)*	1/1

Board Committees (continued)

Nomination Committee (continued)

Board Diversity Policy

The Company recognises and embraces the benefits of having a Board with diversified skills, talents and experiences, and sees diversity at Board level as an essential element in maintaining a competitive advantage. The Company has therefore adopted a board diversity policy which sets out the approach to achieve and maintain diversity on the Board.

Pursuant to the policy, the Nomination Committee seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to the talents, skills, regional and industrial experience, background, gender and other qualities of the members of the Board. These factors will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All appointments of the members of the Board are made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective.

The Nomination Committee reviews and assesses the composition of the Board and makes recommendations to the Board on appointment of new Directors. The Nomination Committee also oversees the conduct of the annual review of the effectiveness of the Board.

In reviewing and assessing the composition of the Board, the Nomination Committee will consider the benefits of all aspects of diversity, including without limitation, those described above, in order to maintain an appropriate range and balance of talents, skills, experience and background on the Board.

In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

In overseeing the conduct of the annual review of the effectiveness of the Board, the Nomination Committee will consider the balance of talents, skills, experience, independence and knowledge on the Board and the diversity of the Board.

Directors Nomination Policy

The directors nomination policy ("Directors Nomination Policy") of the Company serves to improve the transparency of the process and criteria in selecting and recommending candidates as Directors for the Board's approval from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board.

The Directors and the Nomination Committee will consider and nominate candidates, according to the Directors Nomination Policy based on objective criteria with due regard to the benefits of diversity as set out in the Board Diversity Policy, to the Board for approval. In identifying individuals and making recommendations for nominations, the Nomination Committee considers whether such individuals have the appropriate qualifications, abilities and perspectives that would enable them to effectively fulfil their roles and responsibilities as Directors.

Where a candidate is proposed to be appointed as an independent non-executive Director, his/her independence will be assessed in accordance with, among others, the independence factors as set out under the GEM Listing Rules, the totality of the candidate's education, qualifications and experience will also be evaluated to consider whether he/she has the appropriate professional qualifications or accounting or related financial management expertise for taking up the office of an independent non-executive Director.

Board Committees (continued)

Nomination Committee (continued)

Measurable Objectives

The Nomination Committee discusses annually the measurable objectives for achieving diversity of the Board and recommends them to the Board for adoption. The Board will consider such recommendation and may seek to improve the diversity of the board composition.

Monitoring and Reporting

The Nomination Committee and the Board monitor the progress of the improvement measures on an annual basis and make relevant disclosure in the corporate governance reports of the Company on the process the Board has used in relation to Board appointments.

Reviewing the Policies

The Nomination Committee will review the design, implementation and the effectiveness of the policy in its annual meeting on Board Diversity Policy and the Directors Nomination Policy. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for approval.

ESG Committee

The Board established the ESG Committee on 23 September 2016. The terms of reference of the ESG Committee are available on both the Stock Exchange's website and the Company's website. The primary function of the ESG Committee is to report and advise the Board on matters relating to environmental protection, social responsibility and corporate governance of the Group.

The composition of the ESG Committee during the year ended 31 March 2022 is as follows:

Ms. Kwok May Han Grace *(Chairman)*
Mr. Wu Dennis Pak Kit
Mr. Li Wing Sum Steven
Ms. Wong Yee Lin Elaine
Professor Lam Kin Che

One ESG Committee meeting was held during the year ended 31 March 2022. The attendance record of each member at the ESG Committee meetings is as follows:

Directors	Attendance/Number of ESG Committee meeting entitled to attend
Ms. Kwok May Han Grace *(Executive Director)*	1/1
Mr. Wu Dennis Pak Kit *(Executive Director)*	1/1
Mr. Li Wing Sum Steven *(Independent non-executive Director)*	1/1
Ms. Wong Yee Lin Elaine *(Independent non-executive Director)*	1/1
Professor Lam Kin Che *(Independent non-executive Director)*	1/1

Board Committees (continued)

Risk Management Committee

The Board established the Risk Management Committee on 23 September 2016. The terms of reference of the Risk Management Committee are available on both the Stock Exchange's website and the Company's website. The primary duties of the Risk Management Committee include (but without limitation):

(i) considering the necessity of an internal audit function of the Group;

(ii) evaluating and determining the nature and extent of the significant risks faced by the Group;

(iii) making recommendations to the Board on the Group's risk management and internal control systems; and

(iv) overseeing the Group's risk management framework to identify and deal with financial, operational, legal, regulatory, technology, business and strategic risks faced by the Group.

The composition of the Risk Management Committee during the year ended 31 March 2022 is as follows:

Ms. Kwok May Han Grace *(Chairman)*
Mr. Wu Dennis Pak Kit
Mr. Li Wing Sum Steven
Ms. Wong Yee Lin Elaine
Professor Lam Kin Che

One Risk Management Committee meeting was held during the year ended 31 March 2022. The Risk Management Committee has identified the risks faced by the Group and discussed the designs of the risk management and internal control systems for the year ended 31 March 2022. The committee also reviewed the adequacy of resources, qualifications and experience of the Group's staff in implementing the risk management and internal control systems for the year ended 31 March 2022. The attendance record of each member at the Risk Management Committee meeting is as follows:

Directors	**Attendance/Number of Risk Management Committee meeting entitled to attend**
Ms. Kwok May Han Grace *(Executive Director)*	1/1
Mr. Wu Dennis Pak Kit *(Executive Director)*	1/1
Mr. Li Wing Sum Steven *(Independent non-executive Director)*	1/1
Ms. Wong Yee Lin Elaine *(Independent non-executive Director)*	1/1
Professor Lam Kin Che *(Independent non-executive Director)*	1/1

Board Committees (continued)

Responsible Investment Committee

The Board established the Responsible Investment Committee on 16 February 2022. The Company sees responsible investment as an investment approach that takes into account the impact of various environmental, social and governance, sustainability, climate resilience, biodiversity and Carbon Neutrality factors on the long-term investment returns and their respective positive impacts.

The primary duties of the Responsible Investment Committee include (but without limitation):

(i) assess the viability and the terms of any major investment project or financing arrangements;

(ii) evaluate the feasibility, forecast, profits and loss calculations of the investment projects;

(iii) analyze, consider and determine whether any proposed responsible investment project is in the best interests of the Company and its shareholders as a whole;

(iv) oversee the incorporation of considerations relating to environmental, social and governance, climate change, climate resilience, biodiversity, sustainability and Carbon Neutrality into the investment and risk management processes;

(v) oversee progress against goals of the Group for addressing responsible investment issue relating to environmental, social and governance, climate change, sustainability, climate resilience, biodiversity and Carbon Neutrality; and

(vi) review the Company's investing capital and financing strategies.

The composition of the Responsible Investment Committee during the year ended 31 March 2022 is as follows:

Mr. Wu Dennis Pak Kit *(Chairman)*
Ms. Kwok May Han Grace
Mr. Li Wing Sum Steven
Mr. Szeto Chi Hang Clive

The Responsible Investment Committee has resolved to invest in one project by way of written resolutions during the year ended 31 March 2022.

Corporate Governance Function

The Board is responsible for overseeing the corporate governance of the Group. During the year ended 31 March 2022, the Board has reviewed the corporate governance practices of the Company by reference to the CG Code as set out in Appendix 15 of the GEM Listing Rules. The summary of their work is as follows:

(i) reviewed the Company's policies and practices on corporate governance and made recommendations;

(ii) reviewed and monitored the training and continuous development of Directors and senior management of the Group;

(iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) developed, reviewed and monitored the code of conduct and compliance manual applicable to employees of the Group and the Directors; and

(v) reviewed the Company's compliance with the CG Code and disclosure in the corporate governance report.

Accountability and Audit

The Board acknowledges its responsibility for the preparation of the Company's consolidated financial statements for the year ended 31 March 2022 which give a true and fair view in accordance with the statutory requirements and accounting standards and other financial disclosure requirements under the GEM Listing Rules. The financial results of the Group are announced in a timely manner in accordance with the statutory and/or regulatory requirements.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

The statement by the external auditor about their reporting responsibilities is set out in the independent auditor's report on pages 61 to 67 of this annual report.

External Auditor's Remuneration

The Company engaged Moore Stephens CPA Limited as the external auditor for the audit of the Group's consolidated financial statements for the year ended 31 March 2022. The fee in respect of audit services provided by Moore Stephens CPA Limited for the year ended 31 March 2022 amounted to approximately HK$730,000. No non-audit services was provided by the external auditor during the year ended 31 March 2022.

The Audit Committee has expressed its view to the Board that the level of fees paid/payable by the Company to the Company's external auditor for annual audit services is reasonable. There has been no disagreement between the auditor and the management of the Company during the year ended 31 March 2022.

Remuneration Payable to Senior Management

The remuneration payable to the five (31 March 2021: four) members of senior management during the year ended 31 March 2022 fell within the band of Nil to HK$1,000,000.

Risk Management and Internal Control Systems

The Board is responsible for monitoring the risk management and internal control systems of the Company and reviewing their effectiveness. These risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Assisted by the Risk Management Committee, the Board evaluates and determines the nature and extent of significant risks it is willing to take in achieving the Company's strategic objectives. The Board also oversees the management in the design, implementation and monitoring of the risk management and internal control systems. Procedures have been designed and implemented to safeguard the Company's assets against unauthorised use or disposal, ensure maintenance of proper accounting records for provision of reliable financial information for internal use or for publication and ensure the Company's compliance with applicable laws, rules and regulations. The Board also ensures the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions.

To ensure the effectiveness of the risk management and internal control systems, the Board requests the management to facilitate each of the departments of the Company to identify major risk events in the field it operates and assess the possibility of occurrence and influence of these risk events to the Company. Each department also prepares solutions and mitigation measures to deal with the possible risk events to the management. Based on the information from the management, the Board conducted an annual review on the effectiveness of the Company's risk management and internal control systems for the year ended 31 March 2022.

The Group appointed internal control advisor for the year ended 31 March 2022. Management is of the view that our internal control system has not changed and it remains effective in all aspects. The Board reviewed the effectiveness of the risk management and internal control systems for the year ended 31 March 2022 in the Board meetings, and is of the opinion that the Group's risk management and internal control systems are effective and adequate and that nothing has come to its attention to cause the Board to believe the Group's risk management and internal control systems are inadequate.

The Company does not have an internal audit function as the Board presently considers that the size, nature and complexity of the Group's business does not require such function.

With respect of the procedures and internal controls of the handling and dissemination of inside information, the Company is fully aware of its obligation under Part XIVA of the SFO and the GEM Listing Rules. The Board has adopted a policy which contains the guidelines of the Directors, officers and relevant employees of the Company to ensure that the inside information of the Company is to be disseminated to the public in an equal and timely manner in accordance with the applicable laws and regulations.

Disclosure of Inside Information

The Group has adopted and implemented its own disclosure policy aiming to provide a general guide to the Directors and senior management of the Company in the handling of confidential information and/or monitoring of information disclosure pursuant to the applicable laws and regulations in compliance with the GEM Listing Rules and the SFO. The disclosure policy provides the procedures and internal controls for the handling and dissemination of inside information by publication of the announcement to the websites of the Stock Exchange and the Company on a timely basis to enable the public, shareholders, institutional investors, potential investors and other stakeholders of the Company to access the latest information of the Group, unless such information falls within the safe harbours under the SFO. Briefing and training on the implementation of the disclosure policy have been provided to Directors, officers and senior management of the Group. In addition, the relevant policy has been uploaded onto the intranet of the Company for easy access by all employees.

Communication with Shareholders and Investors

The Company regards high quality reporting as an essential element in building successful relationships with its Shareholders. The Company always endeavours to provide relevant information to existing and potential investors to enhance transparency and communications with Shareholders and the investing public. Regular and publicly available disclosures about important issues, including performance, fundamental business strategy, governance and management of risk are made through various channels:

- the Company's annual general meeting and extraordinary general meetings;
- quarterly, interim and annual results announcements published on the respective websites of the Company and the Stock Exchange;
- quarterly, interim and annual reports of the Company delivered to all Shareholders;
- timely update of the respective websites of the Stock Exchange and the Company;
- circulars and other corporate communications to Shareholders; and
- announcements regarding major corporate actions and business initiatives.

The Company maintains a website at www.asecg.com where the Company's announcements, circulars, notices of general meetings, financial reports, business developments, press releases and other information are posted.

Shareholders' Rights

Set out below is a summary of certain rights of the Shareholders as required to be disclosed pursuant to the mandatory disclosure requirements:

Convening extraordinary general meeting and putting forward proposals at Shareholders' meetings

Any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary at 27/F, Overseas Trust Bank Building, 160 Gloucester Road, Wan Chai, Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Any Shareholders who wish to put forward proposals at Shareholders' meeting shall request for convening a general meeting in accordance with the above procedure.

Shareholders' Rights (continued)

Procedures for directing Shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary by mail, facsimile or email:

Address	:	27/F, Overseas Trust Bank Building, 160 Gloucester Road, Wan Chai, Hong Kong
Facsimile number	:	2815 5399
Email	:	ir@aechk.com

Shareholders may also make enquiries with the Board at the general meetings of the Company or through the online information request form on the website of the Company at www.asecg.com.

Constitutional Documents

There is no change in the Company's constitutional documents during the year ended 31 March 2022.

The Company proposed amendments to its articles of association at the forthcoming Annual General Meeting.

MOORE

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大華馬施雲
會計師事務所有限公司

Independent Auditor's Report
to the Shareholders of Allied Sustainability and Environmental Consultants Group Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Allied Sustainability and Environmental Consultants Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 68 to 143, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (continued)

Revenue recognition

Refer to notes 4.11, 5, 6 and 7 to the consolidated financial statements

Key audit matter

The Group recorded revenue from the provision of consultancy services of approximately HK$43,138,000 for the year ended 31 March 2022.

Revenue and profit from the provision of consultancy services are recognised with reference to contract costs incurred at the reporting date for work performed as a percentage of total forecast contract costs.

The recognition of revenue and profit therefore relies on management's estimation of the final outcome of each contract which involves the exercise of significant management judgement, particularly in forecasting costs to complete a contract, in considering the valuation of variation orders and in considering the ability of the Group to deliver services according to the agreed timetables.

We identified revenue recognition as a key audit matter because of the significance of contract revenue to the consolidated financial statements and because the assessment of contract progress requires the exercise of significant management judgement, particularly in relation to the estimation of total forecast contract costs which is inherently subjective and could be subject to management bias.

How our audit addressed the key audit matter

Our key procedures to address the matter included:

- assessed the design and implementation of key internal controls over the revenue and profit recognition processes;
- discussed with the Group's management and a director of the Company the performance of contracts, on a sample basis, and the recognition of variation orders, by obtaining and assessing information underlying the assumptions adopted, including contract agreements, sub-contracts, correspondence with customers regarding project progress, and by considering historical outcomes for similar contracts;
- recalculated the amount of revenue recognised for individual contracts, on a sample basis, based on the agreed contract sum (plus recognised variation orders, if any), total estimated costs and actual costs incurred up to the reporting date;
- inspected, on a sample basis, underlying documents to the customers, assessed the performance completed up to the reporting date and evaluated whether the amount of revenue recognised for individual contract up to reporting date is reasonable;
- inspected, on a sample basis, underlying documents in respect of actual costs incurred during the year ended 31 March 2022;

Key audit matters (continued)

Revenue recognition

Refer to notes 4.11, 5, 6 and 7 to the consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
	• discussed with the Group's management and a director of the Company and inspected a sample of contract agreements with customers to identify key terms of the contract and business practice of the industry and evaluated whether these key terms and business practice have been appropriately provided the Group with an enforceable right to payment, for its performance completed to date plus a reasonable margin in situation where the contract is terminated other than the Group's non-performance and the corresponding amounts have been appropriately recognised in the consolidated financial statements; • performed a retrospective review of the estimations of costs to complete contracts by comparing the costs incurred for contracts completed in the current year with the estimates of such costs as at 31 March 2021 to assess the reliability of management's forecasting process; and • inspected underlying documentation for manual journal entries relating to revenue raised during the year.

Key audit matters (continued)

Impairment assessment of accounts receivable and contract assets

Refer to notes 4.8, 5 and 40(a) to the consolidated financial statements

Key audit matter

As at 31 March 2022, the Group had accounts receivable and contract assets amounting to approximately HK$13,132,000 and HK$46,537,000 respectively. The Group had recognised expected credit loss ("ECL") on accounts receivable and contract assets of approximately HK$3,401,000 during the year ended 31 March 2022.

The ECL assessment on accounts receivable and contract assets is considered to be a matter of most significance as it requires the application of significant judgement and use of subjective assumptions by the Group's management. The management of the Group believed that the methodologies and inputs used in estimating ECL are in accordance with the applicable accounting standard. These models and assumptions relate to the future macroeconomic conditions and debtors' creditworthiness. The Group has adopted judgement, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards such as criteria for judging significant increase in credit risk, definition of credit-impaired financial asset, parameters for measuring ECL and forward-looking information.

How our audit addressed the key audit matter

Our key procedures to address the matter included:

- evaluated the methodologies, inputs and assumptions used by the Group in calculating the ECL, by reference to externally available economic data;
- obtained an ageing analysis of the accounts receivable from the management of the Group and tested the accuracy of ageing of accounts receivable at the reporting date to the underlying invoices, on a sample basis;
- challenged the management's assessment of the recoverability of long outstanding and overdue accounts receivable and contract assets;
- selected samples considering the management's assessment of the latest financial conditions of the debtors, based on historical experience and observable external data;
- assessed the adequacy of the ECL recorded by reviewing subsequent settlements after the year end and any correspondence with customers about expected settlement dates; and
- evaluated the adequacy and appropriateness of disclosures regarding the impairment assessment of accounts receivable and contract assets in the consolidated financial statements.

Information other than the consolidated financial statements and auditor's report thereon

The directors of the Company are responsible for the other information. The other information comprises all the information included in the Annual Report 2021/22, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by the audit committee of the Company in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

From the matters communicated with the audit committee of the Company, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore Stephens CPA Limited
Certified Public Accountants

Leung Yu Ngong
Practising Certificate Number: P06734

Hong Kong, 24 June 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
Revenue	7	**43,138**	40,320
Cost of services provided		**(24,532)**	(19,346)
Gross profit		**18,606**	20,974
Other income, gains and losses, net	7	**653**	2,883
Administrative expenses		**(20,798)**	(19,428)
Finance costs	8	**(415)**	(341)
Share of results of associates		**(11)**	(2)
Share of results of a joint venture		**(3)**	(4)
Net (provision for)/reversal of impairment on accounts receivable and contract assets	40(a)	**(3,401)**	558
(Loss)/profit before income tax	9	**(5,369)**	4,640
Income tax credit/(expense)	12	**359**	(1,181)
(Loss)/profit for the year		**(5,010)**	3,459
(Loss)/profit for the year attributable to:			
Owners of the Company		**(4,936)**	3,545
Non-controlling interests		**(74)**	(86)
		(5,010)	3,459
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		**94**	211
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		**(189)**	105
Other comprehensive income for the year, net of income tax	13	**(95)**	316
Total comprehensive income for the year		**(5,105)**	3,775
Total comprehensive income for the year attributable to:			
Owners of the Company		**(5,031)**	3,861
Non-controlling interests		**(74)**	(86)
		(5,105)	3,775
(Loss)/earnings per share attributable to owners of the Company			
– Basic (loss)/earnings per share (HK cents)	14	**(0.72)**	0.55
– Diluted (loss)/earnings per share (HK cents)	14	**(0.72)**	0.55

Consolidated Statement of Financial Position

As at 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	15	**741**	1,098
Intangible assets	16	**245**	385
Right-of-use assets	17	**2,082**	4,593
Interest in associates	18	**114**	115
Interest in a joint venture	19	**13**	16
Financial assets at fair value through other comprehensive income	20	**219**	236
Financial assets at fair value through profit or loss	21	**4,395**	2,708
Deposits and prepayment	24	**204**	1,530
Deferred tax assets	30	**836**	625
		8,849	11,306
Current assets			
Contract assets	22	**46,537**	43,161
Accounts receivable	23	**13,132**	8,031
Prepayments, deposits and other receivables	24	**5,783**	4,377
Pledged bank deposits	25(c)	**4,503**	5,142
Cash and cash equivalents	25(a)	**16,449**	26,651
		86,404	87,362
Current liabilities			
Accounts payable	26	**1,880**	1,020
Other payables and accruals	27	**5,115**	4,062
Bank loans	28	**9,282**	8,500
Contract liabilities	22	**2,685**	1,033
Lease liabilities	29	**1,958**	3,383
Current tax payable		**201**	848
		21,121	18,846
Net current assets		**65,283**	68,516
Total assets less current liabilities		**74,132**	79,822
Non-current liability			
Lease liabilities	29	**218**	1,354
Net assets		**73,914**	78,468

Consolidated Statement of Financial Position

As at 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
Equity			
Share capital	31	**14,030**	14,030
Reserves	32	**59,837**	64,362
Total equity attributable to owners of the Company		**73,867**	78,392
Non-controlling interests		**47**	76
Total equity		**73,914**	78,468

The consolidated financial statements on pages 68 to 143 were approved and authorised for issue by the Board of Directors on 24 June 2022 and are signed on its behalf by:

KWOK May Han Grace
Director

WU Dennis Pak Kit
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Attributable to owners of the Company									
	Share capital HK$'000 (Note 31)	Other reserves* HK$'000 (Note 32)	Revaluation reserve* HK$'000 (Note 32)	Translation reserve* HK$'000 (Note 32)	Shares held under share award scheme* HK$'000 (Note 32)	Share award reserve* HK$'000 (Note 32)	Accumulated losses* HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total Equity HK$'000
At 1 April 2020	12,000	61,456	(2,534)	–	(4,411)	303	(2,368)	64,446	–	64,446
Profit for the year	–	–	–	–	–	–	3,545	3,545	(86)	3,459
Other comprehensive income for the year:										
Exchange differences arising on translation of foreign operations	–	–	–	211	–	–	–	211	–	211
Change in fair value of equity investments designated at fair value through other comprehensive income	–	–	105	–	–	–	–	105	–	105
Total comprehensive income for the year	–	–	105	211	–	–	3,545	3,861	(86)	3,775
Incorporation of non-wholly owned subsidiaries	–	–	–	–	–	–	–	–	162	162
Release of revaluation reserve upon disposal of equity investments designated at fair value through other comprehensive income	–	–	2,354	–	–	–	(2,354)	–	–	–
Issue of shares upon placing (Note 31(a))	2,030	8,344	–	–	–	–	–	10,374	–	10,374
Issuance of shares to share award grantee (Note 32)	–	(1,666)	–	–	1,666	–	–	–	–	–
Purchase of shares under share award scheme	–	–	–	–	(976)	–	–	(976)	–	(976)
Equity-settled share-based payments (Note 35)	–	–	–	–	–	687	–	687	–	687
Lapsed shares	–	–	–	–	–	(59)	59	–	–	–
Ordinary shares to be issued upon vesting of share award (Note 35)	–	661	–	–	–	(661)	–	–	–	–
At 31 March 2021	14,030	68,795	(75)	211	(3,721)	270	(1,118)	78,392	76	78,468

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Attributable to owners of the Company									
	Share capital HK$'000 (Note 31)	Other reserves* HK$'000 (Note 32)	Revaluation reserve* HK$'000 (Note 32)	Translation reserve* HK$'000 (Note 32)	Shares held under share award scheme* HK$'000 (Note 32)	Share award reserve* HK$'000 (Note 32)	Accumulated losses* HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total Equity HK$'000
At 1 April 2021	14,030	68,795	(75)	211	(3,721)	270	(1,118)	78,392	76	78,468
Loss for the year	–	–	–	–	–	–	(4,936)	(4,936)	(74)	(5,010)
Other comprehensive income for the year:										
Exchange differences arising on translation of foreign operations	–	–	–	94	–	–	–	94	–	94
Change in fair value of equity investments designated at fair value through other comprehensive income	–	–	(189)	–	–	–	–	(189)	–	(189)
Total comprehensive income for the year	–	–	(189)	94	–	–	(4,936)	(5,031)	(74)	(5,105)
Incorporation of non-wholly owned subsidiaries	–	–	–	–	–	–	–	–	5	5
Disposal of a subsidiary (Note 18)	–	–	–	–	–	–	–	–	40	40
Release of revaluation reserve upon disposal of equity investments designated at fair value through other comprehensive income	–	–	(17)	–	–	–	17	–	–	–
Issuance of shares to share award grantee (Note 32)	–	(515)	–	–	515	–	–	–	–	–
Equity-settled share-based payments (Note 35)	–	–	–	–	–	506	–	506	–	506
Lapsed shares	–	–	–	–	–	(155)	155	–	–	–
Ordinary shares to be issued upon vesting of share award (Note 35)	–	216	–	–	–	(216)	–	–	–	–
At 31 March 2022	14,030	68,496	(281)	305	(3,206)	405	(5,882)	73,867	47	73,914

* These accounts comprise the consolidated reserves of approximately HK$59,837,000 (2021: HK$64,362,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
Cash flows from operating activities			
(Loss)/profit before income tax		**(5,369)**	4,640
Adjustments for:			
Finance costs	8	**415**	341
Interest income	7	**(16)**	(39)
Depreciation of property, plant and equipment	9	**775**	758
Depreciation of right-of-use assets	9	**3,991**	3,874
Amortisation of intangible assets	9	**140**	140
Equity-settled share-based payment expenses	9	**506**	687
Provision for long service payment	9	**30**	37
Fair value (gain)/loss on financial assets at fair value through profit or loss	7	**(117)**	300
Provision for/(reversal of) impairment on accounts receivable, net	9	**1,047**	(2,428)
Provision for impairment on contract assets, net	9	**2,354**	1,870
Gain on disposal of a subsidiary	7	**(47)**	–
Share of results of associates		**11**	2
Share of results of a joint venture		**3**	4
		3,723	10,186
Increase in contract assets		**(5,730)**	(4,298)
(Increase)/decrease in accounts receivable		**(6,148)**	6,533
Increase in prepayments, deposits and other receivables		**(21)**	(1,001)
Increase/(decrease) in accounts payable		**860**	(35)
Increase/(decrease) in other payables and accruals		**1,044**	(3,141)
Increase/(decrease) in contract liabilities		**1,652**	(134)
Cash (used in)/generated from operations		**(4,620)**	8,110
Interest received		**16**	14
Hong Kong Profits Tax paid		**(496)**	–
The People's Republic of China Corporate Income Tax paid		**(3)**	(16)
Net cash (used in)/generated from operating activities		**(5,103)**	8,108
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment		**(418)**	(436)
Payments for acquisition of right-of-use assets		**(25)**	–
Payment for purchase of equity investment classified as financial assets at fair value through other comprehensive income		**–**	(265)
Prepayment for purchase of equity investment classified as financial assets at fair value through other comprehensive income		**–**	(500)
Payment for purchase of convertible instruments classified as financial assets at fair value through profit or loss		**(1,570)**	–
Proceeds from disposal of equity investment classified as financial assets at fair value through other comprehensive income		**328**	1,295
Net cash flow arising on disposal of a subsidiary		**(113)**	–
Capital injection in an associate		**–**	(3)
Capital injection in a joint venture		**–**	(8)
Advance to an associate		**(57)**	(9)
Advance to a joint venture		**(42)**	–
Advance to related parties		**(265)**	(310)
Net cash used in investing activities		**(2,162)**	(236)

	Note	2022 HK$'000	2021 HK$'000
Cash flows from financing activities			
Proceeds from new bank loans	25(b)	**15,000**	15,500
Repayment of bank loans	25(b)	**(14,218)**	(10,500)
Net proceeds from issue of shares upon placing		**–**	10,374
Decrease in pledged time deposit		**639**	–
Payment for purchase of shares of the Company under share award scheme		**–**	(976)
Principal element of lease rental paid	25(b)	**(4,016)**	(3,910)
Interest element of lease rental paid	25(b)	**(159)**	(203)
Interest paid	25(b)	**(256)**	(138)
(Repayment to)/advance from related parties	25(b)	**(21)**	179
Capital injection from a non-controlling shareholder		**–**	150
Net cash (used in)/generated from financing activities		**(3,031)**	10,476
Net (decrease)/increase in cash and cash equivalents		**(10,296)**	18,348
Cash and cash equivalents at beginning of the year	25(a)	**26,651**	8,092
Effect of foreign exchange rate changes		**94**	211
Cash and cash equivalents, representing cash and bank balances, at end of the year	25(a)	**16,449**	26,651

1. 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 consultancy services relating to green building certification consultancy, sustainability and environmental consultancy, acoustics, noise and vibration control and audio-visual design consultancy and environmental, social and governance ("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 ("Ms. Kwok") and Mr. Wu Dennis Pak Kit ("Mr. Wu"), executive directors of the Company, being the controlling shareholders of Gold Investments Limited, are the ultimate controlling parties of the Company.

2. Basis of Preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all 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 consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "Listing Rules").

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. Details of the changes in accounting policies are discussed in Note 3.1.

2.2 Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 March 2022 comprise the Company and its subsidiaries (the "Group").

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the financial assets at fair value through other comprehensive income ("FVTOCI") and financial assets at fair value through profit or loss ("FVTPL") are stated at their fair value as explained in the accounting policy set out in Note 4.7.

This consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional currency, and all values are rounded to the nearest thousand unless otherwise indicated.

The preparation of consolidated 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.

2. Basis of Preparation (continued)

2.2 Basis of preparation of the consolidated financial statements (continued)

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 consolidated financial statements and major sources of estimation uncertainty are discussed in Note 5.

3. Application of New and Amendments to HKFRSs

3.1 Application of amendments to HKFRSs effective from 1 April 2021

In preparing the consolidated financial statements, the Group has applied all applicable amendments to HKFRSs issued by the HKICPA, which are effective for the Group's consolidated financial statements for the accounting period beginning on 1 April 2021.

Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ("2021 Amendment")
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

Except as described below, none of these amendments have had a material effect on how the Group's financial performance and financial position for the current or prior years and/or on the disclosures set out in these consolidated financial statements.

Impact on application of 2021 Amendment

The Group has early applied the Amendment to HKFRS 16 *Covid-19-Related Rent Concessions* in prior year and has applied the 2021 Amendment in the current year. The 2021 Amendment extends the availability of the practical expedient set out in paragraph 46A of HKFRS 16 to rent concessions on or before 30 June 2022. The application of the 2021 Amendment has had no impact to the opening retained profits at 1 April 2021 and the financial position and financial performance for the current year.

During the year ended 31 March 2022, one of the lessors agreed to reduce lease payments on several leases entered into with one of the subsidiaries of the Company relating to lease payment that were due on or before 30 June 2022. The Group has derecognised the part of lease liabilities that have been extinguished using the discount rates originally applied to these leases respectively, resulted in a decrease in lease liabilities of HK$56,000, which have been accounted for as variable lease payment and recognised in profit or loss during the year ended 31 March 2022 under other income, gains and losses, net in Note 7.

3. Application of New and Amendments to HKFRSs (continued)

3.2 New and amendments to HKFRSs that issued but not yet effective for the year ended 31 March 2022

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2022 and which have not been applied in these consolidated financial statements. These include the following which may be relevant to the Group.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*
Amendments to HKFRS 3 (Revised)	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020	1 January 2022
Amendment to AG 5 (Revised)	Merger Accounting for Common Control Combination	1 January 2022
HKFRS 17	Insurance Contracts and related amendments	1 January 2023
Amendments to HKAS 1 (Revised)	Classification of Liabilities as Current or Non-current and related amendments to HK Interpretation 5 (2020)	1 January 2023
Amendments to HKAS 1 (Revised) and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

* On 6 January 2016, the HKICPA issued "Effective Date of Amendments to HKFRS 10 and HKAS 28" following the International Accounting Standards Board's equivalent amendments. This update defers/removes the effective date of the amendments in "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" that the HKICPA issued on 7 October 2014. Early application of these amendments continues to be permitted.

The Group has already commenced an assessment of the related impact of applying the above new and amendments to HKFRSs. So far, it has concluded that the above new and amendments to HKFRSs will be applied at the respective effective dates and the application of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

4. Summary of Significant Accounting Policies

4.1 Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (Note 4.6), unless the investment is classified as held for sale.

4. Summary of Significant Accounting Policies (continued)

4.2 Associates and joint ventures

An associate is an entity in which the Group has significant influence, which is the power to participate in the financial and operating policy decision of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates or a joint venture is accounted for in the consolidated financial statements under the equity method, less any impairment losses, unless it is classified as held for sale. Adjustments are made to bring into line any dissimilar accounting policies that may exist. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of investment (if any). Thereafter, the investment is adjusted for the post-acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in profit or loss , whereas the Group's share of the post-acquisition post-tax items of the investee's other comprehensive income ("OCI") is recognised in OCI.

When the Group's share of losses exceeds its interest in the associates or the joint venture, the Group's interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in associates or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss. Goodwill arising from the acquisition of associates or joint venture is included as part of the Group's investments in associates or joint venture.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

When investments in associates or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5.

4. Summary of Significant Accounting Policies (continued)

4.3 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its estimated residual value over its estimated useful life as follow:

– Furniture, fixtures and office equipment	3 to 5 years
– Leasehold improvement	shorter of lease term and 3 years
– Motor vehicles	4 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Estimated residual values, estimated useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

4.4 Intangible assets and amortisation

Intangible assets acquired separately are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any impairment loss. Amortisation for intangible assets with finite useful lives is provided on straight-line method over their estimated useful lives of five years.

Intangible assets with indefinite useful lives are carried at cost less any subsequent impairment losses. Intangible assets are tested for impairment as described above in Note 4.6. Amortisation commences when intangible assets are available for use.

Amortisation of computer software is amortised on the straight-line basis over 5 years.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

4. Summary of Significant Accounting Policies (continued)

4.5 Leasing

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

– the amount of the initial measurement of the lease liability;

– any lease payments made at or before the commencement date, less any lease incentives received;

– any initial direct costs incurred by the Group; and

– an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities, other than adjustments to lease liabilities resulting from COVID-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

4. Summary of Significant Accounting Policies (continued)

4.5 Leasing (continued)

The Group as a lessee (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

– fixed payments (including in-substance fixed payments), less any lease incentives receivable;

– variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable by the Group under residual value guarantees;

– the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

– payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

– the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

– the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

– the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

– the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

4. Summary of Significant Accounting Policies (continued)

4.5 Leasing (continued)

The Group as a lessee (continued)

COVID-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

– 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 payment originally due on or before 30 June 2022; 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 if the changes are not a lease modification. Forgiveness or waiver of lease payments 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.

4.6 Impairment of non-financial assets

Where an indication of impairment exists, the recoverable amounts of property, plant and equipment, intangible assets, right-of-use assets, interest in associates and interest in a joint venture are estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

4. Summary of Significant Accounting Policies (continued)

4.7 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable and contract assets arising from contracts with customers (that do not have separately identified financing components) which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating and recognising interest income and interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but not considering the expected credit losses.

Interest income which are derived from the Group's ordinary course of business are presented under other income, gains and losses, net.

Financial assets

Classification and measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4. Summary of Significant Accounting Policies (continued)

4.7 Financial instruments (continued)

Financial assets (continued)

Classification and measurement of financial assets (continued)

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI on initial recognition if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term;

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not a financial guarantee contract of designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Financial assets are recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Accounting policy of impairment of financial assets measured at amortised cost is stated in Note 4.8.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the fair value reserve under revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the other income, gains and losses, net in profit or loss.

4. Summary of Significant Accounting Policies (continued)

4.7 Financial instruments (continued)

Financial assets (continued)

Classification and measurement of financial assets (continued)

(iii) Equity instruments designated as at FVTPL
Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the other income, gains and losses, net in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset measured at amortised cost and equity investments designated at FVTPL, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an equity investments designated at FVTOCI, the cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

4. Summary of Significant Accounting Policies (continued)

4.7 Financial instruments (continued)

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised costs. All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

The Group's financial liabilities include accounts payable, other payables and accruals, bank loans and lease liabilities.

Financial liabilities at amortised costs are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in "finance costs" in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

4.8 Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including accounts receivable, contract assets, deposits and other receivables, pledged bank deposits and cash and cash equivalents). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for accounts receivable and contract assets without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

4. Summary of Significant Accounting Policies (continued)

4.8 Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor; or

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4. Summary of Significant Accounting Policies (continued)

4.8 Impairment of financial assets (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of accounts receivable, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

4. Summary of Significant Accounting Policies (continued)

4.8 Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped based on:

– Nature of financial instruments (i.e. the Group's accounts receivable together with contract assets and deposits and other receivables are each assessed as a separate group);

– Past-due status;

– Nature, size and industry of debtors; and

– External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivable and contract assets where the corresponding adjustment is recognised through a loss allowance account.

4.9 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash, which are not restricted to use.

4.10 Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

4. Summary of Significant Accounting Policies (continued)

4.10 Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4. Summary of Significant Accounting Policies (continued)

4.11 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. "Control" refers to the customer's ability to direct the use of and obtain substantially all of the remaining benefits from an asset.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- 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.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue from provision of consultancy services

Revenue is recognised progressively based on input method, which the contract costs incurred to date as a percentage of total forecast costs to depict the transfer of control of the goods or services to the customer. The Group recognises revenue over time only if it can reasonably measure its progress towards complete satisfaction of the performance obligation. However, if the Group cannot reasonably measure the outcome but expects to recover the costs incurred in satisfying the performance obligation, then it recognises revenue to the extent of the costs incurred.

Incremental cost of obtaining a contract is capitalised if the Group expects to recover those costs, unless the amortisation period for such costs would be one year or less. Costs that will be incurred regardless of whether the contract is obtained are expensed as they are incurred.

The Group presents a contract liability or a contract asset in its consolidated statement of financial position when either party to the contract has performed. The Group performs by transferring goods or services to the customer, and the customer performs by paying consideration to the Group.

Any unconditional rights to consideration are presented separately as "Accounts receivable".

Contract liabilities are obligations to transfer goods or services to a customer for which the Group has received consideration, or for which an amount of consideration is due from the customer.

Contract assets are rights to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditional on something other than the passage of time.

4. Summary of Significant Accounting Policies (continued)

4.12 Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Share award scheme

The Group operates a share award scheme for the purposes of providing the selected participants with an opportunity to acquire a proprietary interest in the Company, to encourage and retain such individuals to work with the Group and provide additional incentive for them to achieve performance goals with a view to achieve the objectives of increasing the value of the Group and aligning the interests of the selected participants directly to the shareholders of the Company through ownership of shares.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Shares held under share award scheme

The shares held under share award scheme are acquired from open market. The net consideration paid, including any directly attributable incremental costs, is presented as "Shares held under share award scheme" and deducted from total equity.

4. Summary of Significant Accounting Policies (continued)

4.12 Employee benefits (continued)

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance in Hong Kong for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

There were no forfeited contributions utilised by the Group to reduce existing level of contributions for each of the years.

4.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.14 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 and other comprehensive income 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 and other comprehensive income by way of a reduced depreciation charge.

4.15 Foreign currencies

These consolidated financial statements are presented in HK$, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

4. Summary of Significant Accounting Policies (continued)

4.16 Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly-controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a parent of the Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. Summary of Significant Accounting Policies (continued)

4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in these consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4.18 Segment reporting

Operating segments, and the amounts of each segment item reported in these consolidated financial statements, are identified from the financial information provided regularly to the executive director of the Company, being the chief operating decision maker, for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5. Significant Accounting Estimates and Judgements

The preparation of these consolidated financial statements requires management to make judgement, 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 judgement, assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The key judgement and assumptions concerning the future and other key sources of estimation 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 contract 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.

Also, as further explained in Note 4.11, 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 contract 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.

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.

5. Significant Accounting Estimates and Judgements (continued)

Provision of ECL for accounts 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. The information about the ECL for the Group's accounts receivable and contract assets are disclosed in Note 40(a).

Net provision for impairment on accounts receivable of approximately HK$1,047,000 (2021: net reversal of provision for impairment on accounts receivable of approximately HK$2,428,000) and contract assets of approximately HK$2,354,000 (2021: approximately HK$1,870,000) were recognised during the year ended 31 March 2022. Further details are disclosed in Note 40(a).

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 stated in Note 4.6. 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 year ended 31 March 2022, no impairment loss on property, plant and equipment, intangible assets and right-of-use assets were recognised by the Group (2021: 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. The Group has unused tax loss carried forward amounting to approximately HK$761,000 (2021: approximately HK$552,000). The unused tax losses are subject to the approval by the Hong Kong Inland Revenue Department. Further details are disclosed in Note 30.

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.

6. 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) 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)/profit before income tax. The adjusted (loss)/profit before income tax is measured consistently with the Group's (loss)/profit before income tax except that share of results of associates, share of results of a joint venture, 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, interest in associates, interest in a joint venture, financial assets at FVTOCI, financial assets at FVTPL, deferred tax assets, 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 and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

6. 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	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
Segment revenue:										
Revenue – over time										
Hong Kong	**20,373**	18,081	**9,427**	8,426	**5,596**	8,577	**5,511**	3,806	**40,907**	38,890
The PRC	**1,376**	691	**–**	–	**490**	26	**176**	413	**2,042**	1,130
Macau	**–**	85	**–**	–	**189**	–	**–**	–	**189**	85
Others	**–**	215	**–**	–	**–**	–	**–**	–	**–**	215
	21,749	19,072	**9,427**	8,426	**6,275**	8,603	**5,687**	4,219	**43,138**	40,320
Segment results	**8,756**	9,531	**2,710**	4,167	**1,235**	5,267	**2,504**	2,567	**15,205**	21,532
Reconciliation										
Unallocated income									**653**	2,883
Unallocated expenses									**(20,798)**	(19,428)
Share of results of associates									**(11)**	(2)
Share of results of a joint venture									**(3)**	(4)
Finance costs									**(415)**	(341)
(Loss)/profit before income tax									**(5,369)**	4,640
Segment assets	**33,183**	26,395	**12,395**	12,211	**12,155**	11,327	**2,726**	2,048	**60,459**	51,981
Reconciliation										
Property, plant and equipment									**741**	1,098
Intangible assets									**245**	385
Right-of-use assets									**2,082**	4,593
Interest in associates									**114**	115
Interest in a joint venture									**13**	16
Financial assets at FVTOCI									**219**	236
Financial assets at FVTPL									**4,395**	2,708
Deferred tax assets									**836**	625
Pledged bank deposits									**4,503**	5,142
Cash and cash equivalents									**16,449**	26,651
Unallocated head office and corporate assets									**5,197**	5,118
Total unallocated assets									**34,794**	46,687
Total assets									**95,253**	98,668

6. 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	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
Segment liabilities	**1,422**	662	**2,135**	891	**624**	261	**384**	239	**4,565**	2,053
Reconciliation										
Other payables and accruals									**5,115**	4,062
Bank loans									**9,282**	8,500
Lease liabilities									**2,176**	4,737
Current tax payable									**201**	848
Total unallocated liabilities									**16,774**	18,147
Total liabilities									**21,339**	20,200
Other segment information										
Provision for/(reversal of) impairment on accounts receivable, net	**223**	(1,170)	**232**	63	**497**	(604)	**95**	(717)	**1,047**	(2,428)
Provision for/(reversal of) impairment on contract assets, net	**985**	1,342	**1,111**	286	**243**	271	**15**	(29)	**2,354**	1,870
Unallocated:										
– Depreciation and amortisation									**4,906**	4,772
– Capital expenditure*									**2,026**	436

* Capital expenditure consists of additions to property, plant and equipment, intangible assets and right-of-use assets.

Geographical information

The principal place of the Group's operation is mainly in Hong Kong. For the purpose of segment information disclosures under HKFRS 8, the Group regarded Hong Kong as its place of domicile.

The Group's revenue from external customers is classified based on the geographical locations of the customers and the details are disclosed above.

All the Group's non-current assets were located in Hong Kong as at 31 March 2022 and 2021.

Information about major customers

Revenue from customer of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2022 HK$'000	2021 HK$'000
Customer A[1]	**N/A[2]**	4,597

[1] Revenue from all segments.

[2] This customer contributed less than 10% of the total revenue for the year ended 31 March 2022.

7. Revenue and Other Income, Gains and Losses, Net

Revenue represents income arising from the Group's principal activities which are provision of consultancy services. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Under the contracts with customers, each consultancy service contract relates to facts and circumstances that are specific to each customer.

Revenue is recognised over time and is disaggregated by nature of consultancy services and primary geographical market in Note 6.

Remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at 31 March 2022 and 2021.

	2022 **HK$'000**	2021 HK$'000
Within one year	**17,080**	16,763
Over one year	**50,885**	45,170
	67,965	61,933

Other income, gains and losses, net

	2022 **HK$'000**	2021 HK$'000
Interest income	**16**	39
Fair value gain/(loss) on financial assets at FVTPL	**117**	(300)
Rent concession in relation to COVID-19 (Note (i))	**56**	126
Government subsidies (Note (ii))	**243**	2,984
Gain on disposal of a subsidiary (Note 18)	**47**	–
Others	**174**	34
	653	2,883

Notes:

(i) The Group was granted a rent concession of HK$56,000 (2021: HK$126,000) in relation to COVID-19 for office premises during the year. The Group applied the practical expedient in paragraph 46A of HKFRS 16 for its rent concession in relation to COVID-19, such that the Group elects not to assess whether the rent concession that meets the conditions in paragraph 46B of HKFRS 16 is a lease modification.

(ii) The government subsidies recognised for the year was the approved subsidies from Green Employment Scheme under the Graduates Subsidy Programme (2021: the COVID-19 Anti-epidemic Fund under the Employment Support Scheme and Green Employment Scheme under the Graduates Subsidy Programme) as promulgated by the Government of the Hong Kong Special Administrative Region of the PRC.

8. Finance Costs

	2022 HK$'000	2021 HK$'000
Interest on bank loans	**256**	138
Interest on lease liabilities	**159**	203
	415	341

9. (Loss)/profit before Income Tax

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

	2022 HK$'000	2021 HK$'000
Amortisation of intangible assets* (Note 16)	**140**	140
Depreciation of property, plant and equipment* (Note 15)	**775**	758
Depreciation of right-of-use assets* (Note 17)	**3,991**	3,874
Auditor's remuneration		
– Audit services	**730**	700
Employee benefits expense*** (including directors' emoluments (Note 10)):		
– Salaries, allowances and benefits in kind	**23,094**	21,006
– Discretionary bonuses	**2,684**	708
– Retirement benefit scheme contributions (defined contribution scheme)	**842**	818
– Provision for long service payment	**30**	37
– Equity-settled share-based payment expenses (Note 35)	**506**	687
	27,156	23,256
Provision for/(reversal of) impairment on accounts receivable, net** (Note 40(a))	**1,047**	(2,428)
Provision for impairment on contract assets, net** (Note 40(a))	**2,354**	1,870
Net foreign exchange gain	**(95)**	(4)

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

** Included in "net (provision for)/reversal of impairment on accounts receivable and contract assets" in profit or loss.

*** Total employee benefits expense of approximately HK$19,445,000 (2021: approximately HK$16,471,000) and HK$7,711,000 (2021: approximately HK$6,785,000), has been charged to cost of services provided and administrative expenses, respectively, for the year ended 31 March 2022.

10. Directors' Emoluments

Directors' emoluments paid or payable disclosed pursuant to the Listing Rules and section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Equity-settled share-based payment expenses HK$'000	Total HK$'000
For the year ended 31 March 2022						
Executive directors						
Ms. Kwok (Note (ii))	**323**	**1,057**	**253**	**18**	**206**	**1,857**
Mr. Wu (Note (iii))	**317**	**1,010**	**228**	**18**	**120**	**1,693**
Independent non-executive directors						
Mr. Szeto Chi Hang Clive	**141**	**–**	**–**	**–**	**–**	**141**
Mr. Li Wing Sum Steven	**142**	**–**	**–**	**–**	**–**	**142**
Ms. Wong Yee Lin Elaine	**144**	**–**	**–**	**–**	**–**	**144**
Professor Lam Kin Che	**144**	**–**	**–**	**–**	**–**	**144**
	1,211	**2,067**	**481**	**36**	**326**	**4,121**
For the year ended 31 March 2021						
Executive directors						
Ms. Kwok (Note (ii))	315	944	74	18	281	1,632
Mr. Wu (Note (iii))	283	720	–	14	140	1,157
Independent non-executive directors						
Mr. Szeto Chi Hang Clive	126	–	–	–	–	126
Mr. Li Wing Sum Steven	134	–	–	–	–	134
Ms. Wong Yee Lin Elaine	142	–	–	–	–	142
Professor Lam Kin Che	142	–	–	–	–	142
	1,142	1,664	74	32	421	3,333

Notes:

(i) The Company has no chief executive.

(ii) Ms. Kwok is the chairman of the Company.

(iii) Mr. Wu was re-designated as executive director of the Company and was appointed as vice chairman of the Company with effect from 1 July 2020.

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office (2021: Nil).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2021: Nil).

Fees, salaries, allowances and benefits in kind paid to or for the executive directors of the Company are generally emoluments paid or receivable in respect of the executive directors' services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

11. Five Highest Paid Employees Emoluments

Two (2021: two) of the five highest paid individuals were directors of the Company for the year ended 31 March 2022. Details of their emoluments are set out in Note 10. Details of the emolument of the remaining three (2021: three) non-director highest paid employees for the year are as follows:

	2022 HK$'000	2021 HK$'000
Salaries, allowances and benefits in kind	2,149	2,394
Discretionary bonuses	144	168
Retirement benefit scheme contributions	54	54
Equity-settled share-based payment expenses	93	10
	2,440	2,626

The emolument of the three (2021: three) non-director highest paid employees for the year were within the following bands:

	2022 Number of individuals	2021 Number of individuals
Emolument bands		
Nil – HK$1,000,000	3	2
HK$1,000,001 – HK$1,500,000	–	1

During the years ended 31 March 2022 and 2021, no remuneration was paid by the Group to any of the non-director highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

12. Income Tax (Credit)/Expense

	2022 **HK$'000**	2021 HK$'000
Current tax		
Hong Kong Profits Tax	**57**	688
PRC Corporate Income Tax ("CIT")	**3**	16
Over-provision in respect of prior year		
Hong Kong Profits Tax	**(208)**	–
Deferred tax (Note 30)	**(211)**	477
Income tax (credit)/expense	**(359)**	1,181

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 (2021: Nil).

Under the two-tiered profits tax rates regime of the Hong Kong Profits Tax, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25% during the year and profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profit tax rates regime will continue to be taxed at a flat rate of 16.5% during the year.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% of the first HK$2,000,000 of the estimated assessable profits and at 16.5% on the estimated profits above HK$2,000,000, taking into account the tax concession granted by the Hong Kong Special Administrative Region Government during the year.

PRC CIT has been provided at the rate of 25% (2021: 25%) on the estimated assessable profits arising in the PRC for the year.

A reconciliation between (loss)/profit before income tax and income tax (credit)/expense at the applicable tax rates is as follows:

	2022 **HK$'000**	2021 HK$'000
(Loss)/profit before income tax	**(5,369)**	4,640
Notional tax at the rates applicable to (loss)/profit in the relevant tax jurisdictions	**(283)**	1,466
Income not taxable	**(60)**	(493)
Expenses not deductible for tax	**81**	121
Temporary difference not recognised	**201**	279
Effect of CIT on PRC service income	**3**	16
Tax loss not recognised	**35**	18
Tax reduction	**(128)**	(226)
Over-provision in respect of prior year	**(208)**	–
Income tax (credit)/expense	**(359)**	1,181

13. Other Comprehensive Income

Components of other comprehensive income:

	2022 HK$'000	2021 HK$'000
Exchange differences arising on translation of foreign operations	**94**	211
Change in fair value of equity investments designated at FVTOCI	**(189)**	105
Net movement in other comprehensive income	**(95)**	316

There is no tax effect relating to other comprehensive income for the years ended 31 March 2022 and 2021.

14. (Loss)/Earnings Per Share Attributable to Owners of the Company

Basic (loss)/earnings per share

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

	2022 HK$'000	2021 HK$'000
(Loss)/profit for the year attributable to owners of the Company used in calculation basic (loss)/earnings per share	**(4,936)**	3,545

	Number of shares	Number of shares
Weighted average number of ordinary shares:		
Issued ordinary shares at the beginning of the year	**688,506,666**	590,400,000
Net effect of shares issued	**744,397**	54,764,740
Weighted average number of ordinary shares for the purpose of the basic (loss)/earnings per share	**689,251,063**	645,164,740

14. (Loss)/Earnings Per Share Attributable to Owners of the Company (continued)

Diluted (loss)/earnings per share

The calculation of the diluted (loss)/earnings per share attributable to owners of the Company is based on (loss)/profit for the year 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.

	2022 HK$'000	2021 HK$'000
(Loss)/profit for the year attributable to owners of the Company used in calculating diluted (loss)/earnings per share	**(4,936)**	3,545

	Number of shares	Number of shares
Weighted average number of ordinary shares:		
Weighted average number of ordinary shares for the purpose of the basic (loss)/earnings per share	**689,251,063**	645,164,740
Adjustments for calculation of diluted (loss)/earnings per share:		
Share award scheme	**N/A**	N/A
Adjusted weighted average number of ordinary shares for the purpose of the diluted (loss)/earnings per share	**689,251,063**	645,164,740

As at 31 March 2022 and 2021, the Company has outstanding share award. For the outstanding share award, the number of shares that would have been issued assuming the exercise of the share award less the number of shares that could have been issued at fair value (determined as the weighted average amount per employee to be recognised over the remainder of the vesting period for employee services to be rendered per share) for the same total proceeds is the number of shares issued for no consideration.

The computation of diluted (loss)/earnings per share during the years ended 31 March 2022 and 2021 does not assume the exercise of the share award because the assumed grant of shares in relation to the share award scheme has anti-dilutive effect to the basic (loss)/earnings per share.

15. Property, Plant and Equipment

	Furniture, fixtures and office equipment HK$'000	Leasehold improvement HK$'000	Motor vehicles HK$'000	Total HK$'000
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	436	–	–	436
Depreciation provided during the year	(251)	(464)	(43)	(758)
At 31 March 2021, net of accumulated depreciation	402	696	–	1,098
At 31 March 2021 and 1 April 2021				
Cost	1,603	1,391	256	3,250
Accumulated depreciation	(1,201)	(695)	(256)	(2,152)
Net carrying amount	402	696	–	1,098
At 1 April 2021, net of accumulated depreciation	**402**	**696**	**–**	**1,098**
Additions	**413**	**5**	**–**	**418**
Depreciation provided during the year	**(310)**	**(465)**	**–**	**(775)**
At 31 March 2022, net of accumulated depreciation	**505**	**236**	**–**	**741**
At 31 March 2022				
Cost	**2,016**	**1,396**	**256**	**3,668**
Accumulated depreciation	**(1,511)**	**(1,160)**	**(256)**	**(2,927)**
Net carrying amount	**505**	**236**	**–**	**741**

16. Intangible Assets

	Computer software HK$'000
Cost	
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	700
Accumulated amortisation	
At 1 April 2020	(175)
Charge for the year	(140)
At 31 March 2021 and 1 April 2021	(315)
Charge for the year	(140)
At 31 March 2022	(455)
Net carrying amount	
At 31 March 2022	245
At 31 March 2021	385

17. Right-of-use Assets

The Group has lease contracts for various properties and office equipment used for its operation. Those leases generally run for an initial period of two to five years. There are no lease contracts that include variable lease payments.

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leased properties HK$'000	Office equipment HK$'000	Total HK$'000
At 1 April 2020	8,038	429	8,467
Depreciation provided during the year	(3,777)	(97)	(3,874)
At 31 March 2021 and 1 April 2021	**4,261**	**332**	**4,593**
Additions	**1,608**	**–**	**1,608**
Modification of lease (Note 29)	**–**	**(128)**	**(128)**
Depreciation provided during the year	**(3,947)**	**(44)**	**(3,991)**
At 31 March 2022	**1,922**	**160**	**2,082**

18. Interest in Associates

	2022 HK$'000	2021 HK$'000
Cost of investment in associates, unlisted	127	117
Share of accumulated losses of associates	(13)	(2)
	114	115

The particulars of the associates of the Group as at 31 March 2022 and 2021 were as follows:

Name of associates	Place of incorporation and kind of legal entity	Particulars of issued and fully paid share capital	Percentage of ownership interest held by the Company as at 31 March 2022	2021	Principal activities and place of operation
Bamboo Technology Limited ("Bamboo Technology")	Hong Kong, private limited liability company	HK$10,000 (Note (i))	30%	30%	Development of a Bamboo-based Modular integrated Construction in Hong Kong
AEC TH Company Limited	Thailand, private limited liability company	Thai Baht 1,000,000	46%	46%	Provision of consultancy services in Thailand
China Enterprise Green Financial PR Limited ("China Enterprise") (formerly known as New Economy Communications Limited)	Hong Kong, private limited liability company	HK$24,500 (Note (ii))	40%	N/A (Note (ii))	Provision of sustainability communications, ESG-related financial public relationship and business media services

Notes:

(i) Bamboo Technology was incorporated on 10 February 2021 as a limited liability company in Hong Kong. As at 31 March 2021, Bamboo Technology is owned by AEC Group Limited ("AEC BVI"), the wholly-owned subsidiary of the Group, an executive director of the Company and an independent third party as to 30%, 40% and 30% respectively.

Pursuant to the shareholder agreement entered into in February 2021, the members of Bamboo Technology have agreed to inject initial capital amounting to HK$1,500,000, in aggregate. As at 31 March 2021, the outstanding commitment to inject capital to Bamboo Technology of the Group and the two other members amounting to HK$447,000, HK$447,000 and HK$596,000, respectively.

During the year ended 31 March 2022, 10% and 30% equity interests in Bamboo Technology owned by an executive director of the Company and an independent third party, respectively, were transferred to another independent third party, namely Bamboo International (Group) Co., Ltd. As at 31 March 2022, the outstanding commitment to inject capital to Bamboo Technology of the Group and two other members of Bamboo Technology amounted to HK$447,000, HK$447,000 and HK$596,000, respectively.

18. Interest in Associates (continued)

Notes: (continued)

(ii) China Enterprise was incorporated on 1 February 2021 as a limited liability company in Hong Kong. As at 31 March 2021, China Enterprise is owned by AEC BVI and an independent third party as to 51% and 49% respectively.

On 15 October 2021, China Enterprise allotted 4,700 shares to AEC BVI and 9,800 shares to an independent third party. After the share allotment, equity interest in China Enterprise held by AEC BVI decreased from 51% to 40%. The Company has loss of control of China Enterprise. Accordingly, the Group ceased to consolidate the financial performance of China Enterprise and its respective assets and liabilities were derecognised on the share allotment date. During the year ended 31 March 2022, gain on disposal of a subsidiary of HK$47,000 is recognised in the profit or loss under other income, gains and losses, net (Note 7).

As at 31 March 2022, AEC BVI had 40% equity interest in and significant influence over China Enterprise. The interest in China Enterprise is accounted for as interest in associates. As at 31 March 2022, the outstanding commitment to inject capital to China Enterprise of the Group amounted to HK$500,000 (2021: HK$505,000).

These associates have not yet commenced business during the years ended 31 March 2022 and 2021. The financial information of associates of the Group for the years ended 31 March 2022 and 2021, is set out below:

	2022 **HK$'000**	2021 HK$'000
The Group's share of loss and total comprehensive income for the year	**11**	2

During the year ended 31 March 2022, the Group has discontinued recognition of its share of losses of China Enterprise. The amounts of unrecognised shares of the associate, extracted from the relevant financial information of the associate, both for year and cumulatively, are as follows:

	2022 **HK$'000**	2021 HK$'000
Unrecognised shares of loss of the associate for the year	**30**	–
Accumulated unrecognised shares of loss of the associate	**30**	–

On 18 December 2019, the Group entered into a capital injection and equity transfer agreement (the "Agreement") with Mr. Shen Hong Ming, Mr. Li Kui and Beijing Dashi Derun Energy Technology Co. Ltd.* (北京達實德潤能源科技有限公司) (the "Target"), three independent parties, pursuant to which Mr. Shen Hong Ming agreed to sell an aggregate of approximately 31.6% equity interest in the Target to the Group and the Group agreed to further subscribe for additional equity interest by contributing capital injection to the Target with an aggregate consideration of RMB7,000,000 (equivalent to HK$7,646,000). Upon completion of the above acquisition and capital injection, the Group will hold 35.0% equity interest in the Target. The above acquisition and capital injection were subjected to all conditions precedent as agreed in the Agreement. In the opinion of the directors, the Agreement is still effective and the subscription of shares of and capital injection in the Target are still ongoing. As at 31 March 2022, none (2021: none) of the conditions precedent have been fulfilled. The Agreement can be terminated in writing after 31 March 2020 according to contractual terms. Please refer to the announcement of the Company dated 18 December 2019 for further details.

* For identification purpose only

19. Interest in a Joint Venture

	2022 HK$'000	2021 HK$'000
Cost of investment in a joint venture, unlisted	**20**	20
Share of accumulated losses of a joint venture	**(7)**	(4)
	13	16

The particulars of the joint venture of the Group as at 31 March 2022 and 2021 were as follows:

Name of a joint venture	Place of incorporation and kind of legal entity	Particulars of issued and fully paid share capital	Percentage of ownership interest held by the Company as at 31 March 2022	2021	Principal activities and place of operation
AECNCD Environmental Services Limited ("AECNCD")	Hong Kong, private limited liability company	HK$40,000	**50%**	50%	Provision of green properties development services in Hong Kong

AECNCD was incorporated on 25 January 2021 as a limited liability company in Hong Kong. AECNCD is owned by AEC BVI, the wholly-owned subsidiary of the Group, and an independent third party, which is a listed company in Hong Kong, as to 50% and 50%, respectively. The relevant activities of AECNCD require the unanimous consent of all parties. Accordingly, AECNCD is classified as a joint venture of the Group.

The financial information of AECNCD, an immaterial joint venture of the Group for the years ended 31 March 2022 and 2021, is set out below:

	2022 HK$'000	2021 HK$'000
The Group's share of loss and total comprehensive income for the year	**3**	4

20. Financial Assets at FVTOCI

	2022 HK$'000	2021 HK$'000
Financial assets at FVTOCI		
– Listed equity securities in Hong Kong	–	236
– Unlisted equity securities in Hong Kong	219	–
	219	236

Listed equity securities as at 31 March 2021 represented investments in ordinary shares of Sanbase Corporation Limited ("Sanbase"), a listed company in Hong Kong.

On 19 May 2020, the Group disposed of 2,280,000 shares of Sanbase with a cash consideration of approximately HK$1,295,000 in order to realise cash resources to fund the general working capital and enhance liquidity of the Group. Immediately after the disposal, the Group holds 576,000 shares of Sanbase. For details, please refer to the announcement of the Company dated 19 May 2020.

On 22 June 2021, the Group disposed all of its 576,000 shares of Sanbase with a cash consideration of approximately HK$328,000 in order to realise cash resources to fund the general working capital and enhance liquidity of the Group. Immediately after the disposal, the Group does not hold any shares of Sanbase.

In March 2021, the Group entered into a new share acquisition agreement with Sky Wealth Financial Group (Investment) Limited ("Sky Wealth"), an independent third party, pursuant to which the Group agreed to make investment of HK$500,000 in Sky Wealth and accounted for a deemed acquisition. Sky Wealth is an investment holding company and its subsidiary is a licensed corporation in Hong Kong. Upon the completion of this capital injection into Sky Wealth on 10 May 2021, the Group holds 8.3% equity interest in Sky Wealth.

The Group designated the equity securities at FVTOCI (non-recycling), as the investment is held for long-term strategic purposes.

For details of the fair value measurement are set out in Note 39.

During the year, no dividends (2021: Nil) were declared by the equity securities and received by the Group.

21. Financial Assets at FVTPL

	2022 HK$'000	2021 HK$'000
Unlisted securities at fair value:		
– Equity investment in Hong Kong	2,825	2,708
– Convertible instruments in Hong Kong	1,570	–
	4,395	2,708

Equity investment

On 21 November 2019, the Group acquired 6.9% equity interest in ProSage Sustainability Development Limited ("ProSage"), a private company incorporated in Hong Kong, with an agreed consideration of HK$3,000,000. The consideration was settled by cash. ProSage is principally engaged in the provision of ESG related e-learning solutions and consultancy services.

As part of the investment, if the actual total net profit of ProSage for the periods from 22 November 2018 to 31 December 2021, is less than an aggregate amount of HK$9,000,000, ProSage will compensate the Group for the shortfall in cash or in ProSage's ordinary shares at the discretion of the Group (the "Profit Guarantee"). The compensation will be determined by the difference between the Profit Guarantee and the actual profit of ProSage based on the agreed formula stated in the agreements between the Group and ProSage. The major shareholder of ProSage provided the guarantee on the settlement of the compensation to the Group.

This unlisted securities, including the Profit Guarantee, is classified as financial assets at FVTPL.

Convertible instruments

On 10 March 2022, the Group entered into a convertible note agreement with Intensel Limited ("Intensel"), a private company incorporated in Hong Kong. Pursuant to the convertible note agreement, the Group agreed to subscribe a convertible note issued by Intensel with an agreed principal amount of United States dollars ("US$") 200,000. The convertible note will be mature on 30 November 2023. Intensel is principally engaged in provision of accurate and deep asset physical climate and financial value-at-risk analysis.

The interest on the loan shall accrue daily at a rate of 6% per annum and shall be calculated on the basis of 365-day year until the loan is paid in full.

Pursuant to the convertible note agreement, the convertible note would be (i) automatically converted into conversion shares of Intensel if Intensel is able to raise addition equity financing of US$1,200,000. The conversion price will be determined based on the agreed formula stated in the convertible note agreement between the Group and Intensel; or (ii) converted into preference shares of Intensel, at the discretionary of the Group, on the maturity date, if Intensel is not able to raise addition equity financing of US$1,200,000, up to the maturity date.

The convertible note was analysed for classification in its entirety as the financial assets at FVTPL. As at 31 March 2022, the convertible note contained both receivable component and derivative component which are not separated out and are classified as financial asset at FVTPL.

Details of the fair value measurement are set out in Note 39.

22. Contract Assets and Contract Liabilities

	2022 HK$'000	2021 HK$'000
Contract assets	**49,168**	44,806
Less: Allowance for credit losses (Note 40(a))	**(2,631)**	(1,645)
Contract assets, net of loss allowance	**46,537**	43,161
Contract liabilities	**(2,685)**	(1,033)
	43,852	42,128

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contracts of the Group include payment schedules which require stage payments over the service period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. The contract assets are transferred to receivables when the rights become unconditional and the Group has billed to the customers. The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the provision of related services.

Movement in the contract assets balance during the year are as follows:

	2022 HK$'000	2021 HK$'000
Transfers from contract assets recognised at the beginning of the year to accounts receivable	**(15,119)**	(15,539)

Movement in the contract liabilities balance during the year are as follows:

	2022 HK$'000	2021 HK$'000
At the beginning of the year	**1,033**	1,167
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**(681)**	(766)
Increase of receipts in advance from customers	**2,333**	632
At the end of the year	**2,685**	1,033

Details of impairment assessment of contract assets are set out in Note 40(a).

23. Accounts Receivable

	2022 **HK$'000**	2021 HK$'000
Accounts receivable	**16,706**	10,558
Less: Allowance for credit losses (Note 40(a))	**(3,574)**	(2,527)
	13,132	8,031

Accounts receivable represent receivables for contract works. Accounts receivable are due within 0 to 30 days (2021: 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.

The ageing analysis of the accounts receivable based on due date is as follows:

	2022 **HK$'000**	2021 HK$'000
Current	**6,647**	1,951
Less than 1 month past due	**3,024**	807
1 to 3 months past due	**1,848**	2,380
4 to 6 months past due	**531**	1,143
Over 6 months past due	**1,082**	1,750
	13,132	8,031

Details of impairment assessment of accounts receivable are set out in Note 40(a).

24. Prepayments, Deposits and Other Receivables

	2022 **HK$'000**	2021 HK$'000
Prepayments	**1,587**	3,012
Deposits and other receivables	**3,605**	2,564
Amounts due from related companies (Notes (i) and (ii))	**580**	310
Amount due from an associate (Note (i))	**166**	9
Amount due from a joint venture (Note (i))	**42**	–
Amounts due from non-controlling shareholders of subsidiaries (Note (i))	**7**	12
	5,987	5,907
Less: Non-current deposits and prepayment (Note (iii))	**(204)**	(1,530)
Current portion	**5,783**	4,377

24. Prepayments, Deposits and Other Receivables (continued)

Notes:

(i) The amounts due are non-trade in nature, unsecured, interest-free and repayable on demand. The directors of the Company expected the amounts due will be settled within one year from the end of the reporting period.

(ii) Pursuant to Section 383 of the Hong Kong Companies Ordinance and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap.622G), the details of amounts due from related parties are disclosed as follows:

Name of related parties	Maximum outstanding during the year ended 31 March		Balance as at 31 March	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Gold Impact Investments Limited (Note (a))	**13**	13	**–**	13
Green Ant Finance Limited (Note (a))	**12**	12	**12**	12
Moss Tech Limited (Notes (b) and (c))	**13**	13	**–**	13
GBA Carbon Neutrality Association Limited (Note (b))	**368**	9	**368**	9
AEC Capital International Limited (Note (b))	**217**	217	**200**	217
AEC Capital Limited (Note (a))	**46**	46	**–**	46
			580	310

Notes:

(a) Ms. Kwok and Mr. Wu, executive directors of the Company, are the controlling shareholders and beneficial owners of these related companies. Mr. Wu is also the director of these related companies.

(b) Ms. Kwok and Mr. Wu, executive directors of the Company, are the controlling shareholders and beneficial owners of these related companies. Ms. Kwok and Mr. Wu are also the directors of these related companies.

(c) During the year, the Group acquired entire equity interest in Moss Tech Limited with a consideration of HK$1. This related company became a wholly-owned subsidiary.

(iii) As at 31 March 2021, non-current deposits and prepayment included a prepayment paid to Sky Wealth of HK$500,000 for capital injection in Sky Wealth, which is subject to the approval from the government authority. The deemed acquisition was completed on 10 May 2021. As at that date, the non-current prepayment paid to Sky Wealth was reclassified as financial assets at FVTOCI. The remaining non-current deposits and prepayment mainly represent the refundable rental deposits.

25. Cash and Cash Equivalents

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and cash on hand. Cash at banks earns interest at floating rates based on daily bank deposit rates.

25. Cash and Cash Equivalents (continued)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Bank loans HK$'000 (Note 28)	Lease liabilities HK$'000 (Note 29)	Amount due to a director, included in other payables and accruals HK$'000 (Note 27)	Amount due to a non-controlling shareholder of a subsidiary, included in other payables and accruals HK$'000 (Note 27)	Amount due to a joint venture, included in other payables and accruals HK$'000 (Note 27)	Amount due to an associate, included in other payables and accruals HK$'000 (Note 27)
At 1 April 2020	3,500	8,647	–	–	–	–
Changes from financing cash flows:						
Proceeds from new bank loans	15,500	–	–	–	–	–
Repayment of bank loans	(10,500)	–	–	–	–	–
Interest paid	(138)	–	–	–	–	–
Principal element of lease rental paid	–	(3,910)	–	–	–	–
Interest element of lease rental paid	–	(203)	–	–	–	–
Advance from related parties	–	–	179	–	–	–
Total changes from financing cash flows	4,862	(4,113)	179	–	–	–
Other changes:						
Interest expenses (Note 8)	138	203	–	–	–	–
Capital injection in a joint venture	–	–	–	–	(8)	–
Investment in a joint venture (Note 19)	–	–	–	–	20	–
Investment in associates (Note 18)	–	–	–	–	–	114
Total other changes	138	203	–	–	12	114
At 31 March 2021 and 1 April 2021	**8,500**	**4,737**	**179**	**–**	**12**	**114**
Changes from financing cash flows:						
Proceeds from new bank loans	**15,000**	**–**	**–**	**–**	**–**	**–**
Repayment of bank loans	**(14,218)**	**–**	**–**	**–**	**–**	**–**
Interest paid	**(256)**	**–**	**–**	**–**	**–**	**–**
Principal element of lease rental paid	**–**	**(4,016)**	**–**	**–**	**–**	**–**
Interest element of lease rental paid	**–**	**(159)**	**–**	**–**	**–**	**–**
(Repayment to)/advance from related parties	**–**	**–**	**(24)**	**15**	**(12)**	**–**
Total changes from financing cash flows	**526**	**(4,175)**	**(24)**	**15**	**(12)**	**–**
Other changes:						
Interest expenses (Note 8)	**256**	**159**	**–**	**–**	**–**	**–**
Addition of lease	**–**	**1,583**	**–**	**–**	**–**	**–**
Modification of lease	**–**	**(128)**	**–**	**–**	**–**	**–**
Total other changes	**256**	**1,614**	**–**	**–**	**–**	**–**
At 31 March 2022	**9,282**	**2,176**	**155**	**15**	**–**	**114**

25. Cash and Cash Equivalents (continued)

(c) Pledged bank deposits

The balance of approximately HK$4,503,000 (2021: approximately HK$5,142,000) represents bank deposits pledged to secure certain of the banking facilities amounting to HK$7,000,000 (2021: HK$7,500,000) (Note 28). Pledged bank deposits earns interest at fixed rates based on pledged bank deposits rates.

26. 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:

	2022 HK$'000	2021 HK$'000
Within 1 month	**232**	320
Over 1 month but within 6 months	**428**	395
Over 6 months	**1,220**	305
	1,880	1,020

Accounts payable are non-interest-bearing and are normally settled within 30 days (2021: 30 days).

27. Other Payables and Accruals

	2022 HK$'000	2021 HK$'000
Accruals	**4,143**	2,972
Other payables	**60**	138
Advances received (Note (i))	**451**	500
Provision for long service payment	**177**	147
Amount due to a director (Note (ii))	**155**	179
Amount due to a non-controlling shareholder of a subsidiary (Note (ii))	**15**	–
Amount due to a joint venture (Note (ii))	**–**	12
Amount due to an associate (Note (ii))	**114**	114
	5,115	4,062

Notes:

(i) Advances received represented the refundable deposits received from an independent third party (2021: Sanbase) for potential consultancy services.

(ii) The amounts due are non-trade in nature, unsecured, interest-free and repayable on demand.

28. Bank Loans

At 31 March 2022 and 2021, the secured bank loans with a demand clause, based on the scheduled repayment terms set out in the loan agreements without taking into account the effect of any demand clause, were repayable as follows:

	2022 **HK$'000**	2021 HK$'000
Within 1 year	**4,272**	3,897
Over 1 year but within 2 years	**815**	1,210
Over 2 years but within 5 years	**2,586**	3,393
Over 5 years	**1,609**	–
	9,282	8,500

At 31 March 2022, a bank loan of the Group of HK$3,500,000 (2021: HK$3,500,000) is secured by corporate guarantees provided by the Company and one of the subsidiaries of the Company and the pledge of the Group's bank deposits (Note 25(c)).

At 31 March 2022, a bank loan of the Group of HK$5,782,000 (2021: HK$5,000,000) is supported by the SME Financing Guarantee Scheme executed by the Government of Hong Kong Special Administrative Region of the PRC, which HKMC Insurance Limited provided full guarantee. The bank loan is also secured by personal guarantees provided by the two executive directors of the Company.

As at 31 March 2022, the Group has banking facilities, in aggregate, amounting to HK$13,000,000 (2021: HK$12,500,000), of which the facilities were utilised to the extent of HK$9,500,000 (2021: HK$8,500,000).

29. Lease Liabilities

The carrying amounts and the movements of the lease liabilities during the year are as follows:

	2022 **HK$'000**	2021 HK$'000
At the beginning of the year	**4,737**	8,647
Addition	**1,583**	–
Modification of lease (Note 17)	**(128)**	–
Interest expense (Note 8)	**159**	203
Lease rental paid	**(4,175)**	(4,113)
At the end of the year	**2,176**	4,737
Less: Non-current portion	**(218)**	(1,354)
Current portion	**1,958**	3,383

The weighted average incremental borrowing rates applied to lease liabilities was 2.86% (2021: 2.96%) per annum.

29. Lease Liabilities (continued)

The maturity analysis of the lease liabilities is disclosed in Note 40(b).

The amounts recognised in profit or loss in relation to leases are as follows:

	2022 HK$'000	2021 HK$'000
Interest on lease liabilities (Note 8)	**159**	203
Depreciation charged on right-of-use assets (Note 9)	**3,991**	3,874
Total amounts recognised in profit or loss	**4,150**	4,077

The total cash outflow for leases for the year was HK$4,175,000 (2021: HK$4,113,000).

30. Deferred Tax

The movements of deferred tax assets/(liabilities) during the year are as follows:

	Future benefits of unused tax losses HK$'000	Depreciation allowance in excess of related depreciation HK$'000	ECL on accounts receivable and contract assets HK$'000	Total HK$'000
At 1 April 2020	77	35	990	1,102
(Charged)/credited to profit or loss (Note 12)	(77)	16	(416)	(477)
At 31 March 2021 and 1 April 2021	–	51	574	625
Credited to profit or loss (Note 12)	–	35	176	211
At 31 March 2022	–	86	750	836

As at 31 March 2022, all unused tax losses of the Group have no expiry dates under the current tax legislation. The Group has unused taxable losses arising in Hong Kong of approximately HK$761,000 (2021: approximately HK$552,000). The unused tax losses are subject to the approval by the Hong Kong Inland Revenue Department. As at 31 March 2022, deferred tax assets in respect of unused tax losses of approximately HK$761,000 (2021: approximately HK$552,000) have not been recognised due to unpredictability of future profit streams. The Group has no other material deferred tax not provided in the consolidated financial statements as there were no other material temporary differences at the end of the reporting period.

31. Share Capital

	Number of ordinary shares of HK$0.01 '000	Number of ordinary shares of HK$0.02 '000	Nominal value HK$'000
Authorised:			
At 1 April 2020	5,000,000	–	50,000
Share consolidation (Note (b))	(5,000,000)	2,500,000	–
At 31 March 2021, 1 April 2021 and 31 March 2022	–	2,500,000	50,000
Issued and fully paid:			
At 1 April 2020	1,200,000	–	12,000
Shares issued upon placing (Note (a))	203,020	–	2,030
Share consolidation (Note (b))	(1,403,020)	701,510	–
At 31 March 2021, 1 April 2021 and 31 March 2022	–	701,510	14,030

Notes:

(a) On 15 May 2020, the Company entered a placing agreement with an independent placing agent. Pursuant to the placing agreement, the Company had conditionally agreed to place up to 120,000,000 shares through placing agent to not less than six placees at the placing price of HK$0.052 per share. The placing of 120,000,000 shares was completed on 5 June 2020. The net proceeds after deducting the related expenses approximately HK$1,033,000, amounted to approximately HK$5,207,000. Accordingly, the Company's share capital increased by approximately HK$1,200,000 and the remaining balance of the net proceeds of approximately HK$4,007,000 was credited to the share premium account.

On 14 January 2021, the Company entered a placing agreement with another independent placing agent. Pursuant to the placing agreement, the Company had conditionally agreed to place up to 115,000,000 shares through placing agent to not less than six placees at the placing price of HK$0.065 per share. The placing of 83,020,000 shares was completed on 8 February 2021. The net proceeds after deducting the related expenses approximately HK$229,000, amounted to approximately HK$5,167,000. Accordingly, the Company's share capital increased by approximately HK$830,000 and the remaining balance of the net proceeds of approximately HK$4,337,000 was credited to the share premium account.

(b) With effect from 10 March 2021, every two issued and unissued shares of the Company of HK$0.01 each was consolidated into one consolidated share of the Company of HK$0.02 each (the "Share Consolidation"). Further details of the Share Consolidation are set out in the announcement dated 22 January 2021 and the circular of the Company dated 11 February 2021.

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

32. Reserves

Other reserves

Share premium

Other reserve comprises the share premium account of the Company, which includes the premium arising from the issue of new shares pursuant to the share offering net of listing expenses and capitalisation issue.

Capital reserve

Capital reserve represents the excess of the consideration for issuance of shares of AEC BVI over their nominal value, net of the excess of the nominal value of shares of AEC BVI over the nominal value of shares of Allied Environmental Consultants Limited ("AEC Hong Kong") exchanged as part of the reorganisation arrangements undergone by the Company for the listing of the Company's shares on GEM.

Shares to be issued

Other reserve also comprises the shares which should be vested to the participants under the Scheme (as defined in Note 35). Substantive conditions including maintain as a director or an employee were satisfied before the vesting date and hence the amount was transferred from "share award reserve" to shares to be issued under "other reserves" as at the vesting date. As at 31 March 2021, the amount of approximately HK$103,000 would be credited to "shares held under share award scheme" and the difference of approximately HK$15,000 would be credited to share premium when the relevant shares were issued to the participants during the year ended 31 March 2022. As at 31 March 2022, there are no shares have not yet been issued to the grantee under the Scheme.

	Share premium HK$'000	**Capital reserve** HK$'000	**Shares to be issued** HK$'000	**Total other reserves** HK$'000
At 1 April 2020	39,081	21,848	527	61,456
Issue of shares upon placing (Note 31(a))	8,344	–	–	8,344
Ordinary shares issued in relation to vested share award	(596)	–	(1,070)	(1,666)
Ordinary shares to be issued upon vesting of share award (Note 35)	–	–	661	661
At 31 March 2021 and 1 April 2021	**46,829**	**21,848**	**118**	**68,795**
Ordinary shares issued in relation to vested share award	**(181)**	**–**	**(334)**	**(515)**
Ordinary shares to be issued upon vesting of share award (Note 35)	**–**	**–**	**216**	**216**
At 31 March 2022	**46,648**	**21,848**	**–**	**68,496**

32. Reserves (continued)

Revaluation reserve

The Group designated the listed equity securities at FVTOCI (non-recycling), as the investment is held for long-term strategic purposes. The revaluation reserve comprises the cumulative net change in the fair value of financial assets at FVTOCI (non-recycling) held at 31 March 2022 and 2021 are dealt with in accordance with the accounting policies in Note 4.7.

Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Company's functional currency.

Shares held under share award scheme

The shares held under share award scheme represents the aggregate price paid for acquisition of 11,203,334 (2021: 13,003,334) shares of the Company for the purpose of the Scheme in the open market as at 31 March 2022.

The Company adopted the Scheme on 8 February 2017. Pursuant to the rules of the Scheme, the Company has set up a trust, of which BOCI-Prudential Trustee Limited (the "Trustee") acted as the independent trustee. The Company's shares were purchased by the Trustee in the open market and be held in trust for the selected participants until such shares are issued under the Scheme.

Share award reserve

Share award reserve represents the value of directors and employee services in respect of shares granted under the Scheme as set out in Note 35. During the year ended 31 March 2022, 9,430,000 (2021: Nil) shares award were granted to the participants.

33. Interests in subsidiaries

Particulars of the principal subsidiaries of the Company directly and indirectly held, are set out below. The class of shares held is ordinary unless otherwise stated.

Name of subsidiaries	Place of incorporation and kind of legal entity	Particulars of issued and paid up capital	Percentage of ownership interest held by the Company as at 31 March 2022	2021	Principal activities and place of operation
Directly held					
AEC BVI	The BVI, private limited liabilities company	US$54,756	**100%**	100%	Investment holding
Indirectly held					
AEC Hong Kong	Hong Kong, private limited liabilities company	HK$2,040	**100%**	100%	Provision of consultancy services in Hong Kong
Qianhai Allied Environmental Consultants Shenzhen Company Limited (前海沛然環保顧問深圳有限公司) (Note (i))	The PRC, wholly foreign owned enterprises	Renminbi 100,000	**100%**	100%	Provision of consultancy services in the PRC
Light Plus Design Limited	Hong Kong, private limited liabilities company	HK$10,000	**100%**	100%	Provision of consultancy services in Hong Kong
Ocean International ESG Fund Limited	The Cayman Islands, private limited liabilities company	US$10,000	**100%**	100%	Investment holding
Sustainability Partners Limited ("SPL")	Hong Kong, private limited liabilities company	HK$500,000	**70%**	70%	Provision of information services through ESG portal in Hong Kong
China Enterprise	Hong Kong, private limited liabilities company	HK$10,000 (Note (ii))	**N/A** (Note (ii))	51%	Not yet commenced business
Marine Sustainature Limited ("Marine Sustainature")	Hong Kong, private limited liabilities company	HK$10,000 (Note (iii))	**51%**	51%	Not yet commenced business

33. Interests in subsidiaries (continued)

Notes:

(i) The English name of this subsidiary established in the PRC represents management's best effort at translating the Chinses name of such subsidiary as no English name has been registered.

(ii) Pursuant to the shareholders' agreement entered into with the non-controlling shareholder dated 16 February 2021, the parties had agreed to inject capital amounted to HK$1,000,000 in aggregate. As at 31 March 2021, the outstanding commitment to inject the capital into China Enterprise by the Group and the non-controlling shareholder amounted to approximately HK$505,000 and HK$485,000, respectively.

On 15 October 2021, China Enterprise allotted 4,700 shares to AEC BVI and 9,800 shares to an independent third party. After the share allotment, equity interest in China Enterprise held by AEC BVI decreased from 51% to 40%. The Company has loss of control of China Enterprise. Accordingly, China Enterprise ceased to be a subsidiary of the Company and became an associate on the share allotment date.

(iii) Pursuant to the shareholders' agreement entered into with the two non-controlling shareholders dated 18 February 2021, the parties had agreed to inject capital amounted to HK$1,000,000 in aggregate. As at 31 March 2022 and 2021, the outstanding commitment to inject capital into Marine Sustainature by the Group and the two non-controlling shareholders amounted to approximately HK$505,000, HK$386,000 and HK$99,000, respectively.

34. Dividend

The Board of directors has resolved not to declare the payment of a dividend in respect of the year (2021: Nil).

35. Share Award Scheme

The share award scheme of the Company (the "Scheme") was adopted on 8 February 2017 (the "Adoption Date"). The purpose of the share award scheme is to complement its human resources policy for enhancing staff welfares to ensure talents can be retained and their productivity and potentials can be elevated.

Subject to the terms of the Scheme and the Listing Rules, the board may at any time make an offer to any eligible person whom it may in its absolute discretion select to accept the grant of an award over such a number of shares as it may determine (the "Participants"). Under the Scheme, the Participants are required to be continuously employed by the Group during the vesting period. Existing shares of the Company will be purchased by the Trustee of the share award scheme from the open market out of cash contributed by the Group and be held in trust for the relevant Participants until such shares are vested with the relevant Participants in accordance with the provisions of the share award scheme. The shares of the Company held by the Trustee until issuance are recognised as "shares held under share award scheme".

No shares shall be purchased pursuant to the share award scheme, nor any amounts paid to the Trustee for the purpose of making such a purchase, if as a result of such purchase, the number of shares administered under the share award scheme shall exceed 2% of the issued capital of the Company at the Adoption Date. The maximum number of shares which may be granted to a Participant at any one time or in aggregate may not exceed 1% of the issued capital of the Company at the Adoption Date.

Subject to any early termination as may be determined by the board of directors, the Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date.

35. Share Award Scheme (continued)

Particulars and movements of the shares award under the Scheme

For the year ended 31 March 2022

Type of grantee	Date of grant	Fair value per share award HK$	Outstanding number of shares award: Balance at 1 April 2021 '000	Granted during the year '000	Vested during the year '000	Lapsed during the year '000	Balance at 31 March 2022 '000 (Note (c))
Executive directors							
Ms. Kwok	18 December 2019	0.150	1,834	–	(917)	–	917
	31 August 2021	0.094	–	3,000	–	–	3,000
Mr. Wu	18 December 2019	0.150	916	–	(458)	–	458
	31 August 2021	0.094	–	2,010	–	–	2,010
			2,750	5,010	(1,375)	–	6,385
Employees							
In aggregate	18 December 2019	0.150	963	–	(65)	(833)	65
	31 August 2021	0.094	–	4,420	–	(780)	3,640
			963	4,420	(65)	(1,613)	3,705
			3,713	9,430	(1,440)	(1,613)	10,090

35. Share Award Scheme (continued)

Particulars and movements of the shares award under the Scheme (continued)

For the year ended 31 March 2021

Type of grantee	Date of grant	Fair value per share award HK$ (Note (b))	Outstanding number of shares award: Balance at 1 April 2020 '000	Vested during the year before Share Consolidation '000	Lapsed during the year before Share Consolidation '000	Adjustment in relation to Share Consolidation '000 (Note (b))	Vested during the year after Share Consolidation '000	Balance at 31 March 2021 '000 (Note (c))
Executive directors								
Ms. Kwok	20 April 2018	0.340	890	–	–	(445)	(445)	–
	18 December 2019	0.150	5,500	(1,833)	–	(1,833)	–	1,834
Mr. Wu	20 April 2018	0.340	440	–	–	(220)	(220)	–
	18 December 2019	0.150	2,750	(917)	–	(917)	–	916
			9,580	(2,750)	–	(3,415)	(665)	2,750
Employees								
In aggregate	20 April 2018	0.340	1,400	–	(480)	(460)	(460)	–
	18 December 2019	0.150	5,040	(963)	(2,150)	(964)	–	963
			6,440	(963)	(2,630)	(1,424)	(460)	963
			16,020	(3,713)	(2,630)	(4,839)	(1,125)	3,713

Notes:

(a) On 18 December 2019, the Company granted 13,290,000 shares under the Scheme to the Participants, representing approximately 1.11% of the issued share capital of the Company at the Adoption Date. The awarded shares are subject to a vesting scale in tranches of 33% of the awarded shares respectively on the first and second anniversary dates of the grant date and the balance of the remaining awarded shares on the third anniversary date of the grant date.

On 31 August 2021, the Company granted 9,430,000 shares under the Scheme to the Participants, representing approximately 1.57% of the issued share capital of the Company at the Adoption Date. The awarded shares are subject to a vesting scale in tranches of 33% of the awarded shares respectively on the first and second anniversary dates of the grant date and the balance of the remaining awarded shares on the third anniversary date of the grant date.

35. Share Award Scheme (continued)

Particulars and movements of the shares award under the Scheme (continued)

Notes: (continued)

(b) The number of the outstanding share award and fair value per share award had been adjusted as a result of the Share Consolidation during the year ended 31 March 2021.

(c) The outstanding number of shares award as at 31 March 2022 and 2021 have the following vesting dates:

Vesting date	2022 '000
18 December 2022	1,440
31 August 2022	2,883
31 August 2023	2,883
31 August 2024	2,884
	10,090

Vesting date	2021 '000
18 December 2021	1,856
18 December 2022	1,857
	3,713

(d) The weighted average remaining contractual life of share award outstanding as at 31 March 2022 is 1.32 (2021: 1.22) years.

During the year, 1,613,000 (2021: 2,630,000) shares lapsed due to resignation of grantees.

The fair value of the shares award granted was calculated based on the market prices of the Company's shares at the respective grant dates. No dividend was considered in the calculation. The fair value of the shares award granted on 31 August 2021 and 18 December 2019 were calculated as HK$0.094 and HK$0.150 per share at the respective grant date, respectively. During the year, the Group recognised a net expense relating to the share award scheme of approximately HK$506,000 (2021: HK$687,000) in the profit or loss (Note 9).

During the year, 1,440,000 (2021: 4,838,000) shares were vested under the Scheme and transferred out of share award reserve amounting to approximately HK$216,000 (2021: approximately HK$661,000). However, due to certain administrative procedures have not yet been completed as at 31 March 2021, 360,000 shares have not yet been issued to the respective grantees as at 31 March 2021, such amount was recognised as "shares to be issued" under other reserves (Note 32). As at 31 March 2021, the respective shares with a total carrying amount of HK$103,000 would be issued and credited to "shares held under share award scheme" after the completion of the administrative procedures during the year ended 31 March 2022. As at 31 March 2022, there are no shares to the grantee have not yet been issued under the Scheme.

36. Capital Commitments

At 31 March 2022, the Group had the following capital commitments in relation to the purchase of property, plant and equipment not provided for in the consolidated financial statements:

	2022 HK$'000	2021 HK$'000
Contracted for	–	92

37. Related Party Transactions

Other than transactions and balances disclosed elsewhere in these consolidated financial statements and compensation of key management personnel, the Group did not enter into any material related party transactions.

The compensation of key management personnel of the Group for the years ended 31 March 2022 and 2021 represented the directors' emoluments as disclosed in Note 10.

38. Financial Instruments by Category

The carrying amounts of the Group's financial assets and liabilities recognised as at 31 March 2022 and 2021 are categorised as follows.

	2022 HK$'000	2021 HK$'000
Financial assets		
Financial assets at FVTOCI	219	236
Financial assets at FVTPL	4,395	2,708
Financial assets at amortised cost		
– Contract assets	46,537	43,161
– Accounts receivable	13,132	8,031
– Deposits and other receivables	4,400	2,895
– Pledged bank deposits	4,503	5,142
– Cash and cash equivalents	16,449	26,651
	89,635	88,824
Financial liabilities		
Financial liabilities at amortised cost		
– Accounts payable	1,880	1,020
– Other payables and accruals	4,938	3,915
– Bank loans	9,282	8,500
– Lease liabilities	2,176	4,737
	18,276	18,172

39. Fair Value and Fair Value Hierarchy of Financial Instruments

The table below analyses financial instrument carried at fair value, by valuation method. The different levels have been defined as follows:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 March 2022				
Financial assets at FVTOCI				
– Unlisted equity securities	**–**	**–**	**219**	**219**
Financial assets at FVTPL				
– Unlisted equity investment and profit guarantee	**–**	**–**	**2,825**	**2,825**
– Unlisted convertible instruments	**–**	**–**	**1,570**	**1,570**
	–	**–**	**4,614**	**4,614**
At 31 March 2021				
Financial assets at FVTOCI				
– Listed equity securities	236	–	–	236
Financial assets at FVTPL				
– Unlisted equity investment and profit guarantee	–	–	2,708	2,708
	236	–	2,708	2,944

Financial assets at FVTOCI – Listed equity securities

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of each reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

Financial assets at FVTOCI – Unlisted equity securities

The fair value of the unlisted equity securities at FVTOCI, was determined by the directors of the Company, based on market approach using the net book value of the investee multiply to the market price-to-book ratio, and adjusted for the lack of marketability. The change in unobservable inputs would not have significant impact to the fair value measurement.

39. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Financial assets at FVTPL – Unlisted equity investment and profit guarantee

With reference to the financial information of ProSage, the directors of the Company considered that the probability of ProSage to generate net cash inflow and to have net profit from 22 November 2018 to 31 December 2021 is remote.

Therefore, as at 31 March 2022 and 2021, the fair value of the financial assets at FVTPL, was determined by the directors of the Company, based on the income approach using the maximum amount of the Profit Guarantee expected to be received by the Group.

Should the discount rate applied to discount the expected compensation increases or decreases by 1%, the fair value of the financial assets at FVTPL would be decreased or increased by approximately HK$12,000 (2021: HK$18,000).

Financial assets at FVTPL – Unlisted convertible instruments

The fair value of the unlisted convertible instruments at FVTPL, was determined by the directors of the Company, based on the binomial model. The model incorporates unobservable inputs including equity value of Intensel per share, share price volatility and discount rate. The carrying amount of the conversion right embedded in the composite instrument is the same as its fair value.

Should the equity value of Intensel per share increases or decreases by 5% respectively, the fair value of the financial assets at FVTPL would be increased by approximately HK$30,000 or decreased by approximately HK$9,000 respectively. Should the share price volatility increases or decreases by 1% respectively, the fair value of the financial assets at FVTPL would be increased or decreased by approximately HK$3,000 respectively. Should the discount rate increases or decreases by 1%, the fair value of the financial assets at FVTPL would be decreased or increased by approximately HK$20,000, respectively.

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurement:

Description	Significant unobservable inputs	Inputs	Relationship of unobservable inputs to fair value
Financial assets at FVTOCI – Unlisted equity securities	Price-to-book ratio	4.76 (2021: N/A)	The higher/lower the price-to-book ratio, the higher/lower the fair value.
	Discount of lack of marketability	11.4% (2021: N/A)	The higher/lower the discount of lack of marketability, the lower/higher the fair value.
Financial assets at FVTPL – Unlisted equity investment and profit guarantee	Discount rate	12.8% (2021: 12.4%)	The higher/lower the discount rate, the lower/higher the fair value.
Financial assets at FVTPL – Unlisted convertible instruments	Equity value of Intensel per share	US$10.38 (2021: N/A)	The higher/lower the equity value of Intensel per share, the higher/lower the fair value.
	Share price volatility	51.2% (2021: N/A)	The higher/lower the share price volatility, the higher/lower the fair value.
	Discount rate	11.4% (2021: N/A)	The higher/lower the discount rate, the lower/higher the fair value.

39. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

The movements during the year in the balance of Level 3 fair value measurement is as follows:

	HK$'000
At 1 April 2020	3,008
Change in fair value recognised in other income, gains and losses, net (Note 7)	(300)
At 31 March 2021 and 1 April 2021	**2,708**
Addition	**2,070**
Change in fair value recognised in other income, gains and losses, net (Note 7)	**117**
Change in fair value recognised in other comprehensive income	**(281)**
At 31 March 2022	**4,614**

During the years ended 31 March 2022 and 2021, there was no transfer of fair value measurement between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities.

For level 3 fair value measurement, the Group will normally perform the valuations by the management of the Company.

40. Financial Risk Management Objectives and Policies

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The Group is also exposed to equity price risk arising from investments in equity securities. The risks associated with financial instruments and the policies on how to mitigate these risks are described below.

Management monitors closely the Group's exposures to financial risks to ensure that appropriate measures are implemented in a timely and effective manner.

(a) Credit risk and impairment assessment

Risk management

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The Group does not hold any collateral over these receivable balances.

The Group's exposure to credit risk mainly arising from the following assets, which comprise contract assets, accounts receivable, financial assets included in deposits and other receivables, pledge bank deposits and cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these assets.

There are no significant concentrations of credit risk within the Group as the customer base of the Group is widely diversified.

Impairment of financial assets

Accounts receivable and contract assets arising from contracts with customers are subject to the ECL model.

While deposits and other receivables, pledged bank deposits and bank balances are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial. Deposits and other receivables are due to various group of debtors and customers and pledged bank deposits and bank balances are placed in various authorised financial institutions and the directors of the Company consider the credit risk of these parties is low.

40. Financial Risk Management Objectives and Policies (continued)

(a) Credit risk and impairment assessment (continued)

Impairment of financial assets (continued)

Accounts receivable and contract assets

The Group applies HKFRS 9 and measures ECL based on a lifetime expected loss allowance for all accounts receivable and contract assets.

The Group uses provision matrix to calculate ECL for accounts receivable and contract assets. To measure the ECL, accounts receivable and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to work completed but not billed at the reporting date and have substantially the same risk characteristics as the accounts receivable for the same types of contracts. The Group has therefore concluded that the expected loss rates for accounts receivable are a reasonable approximation of the loss rates for the contract assets.

The estimated ECL loss rates are estimated based on the Group's historical settlement experience of various groups of debtors that have similar loss patterns and are adjusted forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. The Group has identified the gross domestic product in Hong Kong to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance for accounts receivable as at 31 March 2022 and 2021 was determined as follows:

	Expected loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Ageing based on the invoice date				
As at 31 March 2022				
Within 1 month	**1%**	**6,716**	**(69)**	**6,647**
Over 1 month but less than 3 months	**2%**	**4,193**	**(94)**	**4,099**
Over 3 months but less than 6 months	**14%**	**1,318**	**(179)**	**1,139**
Over 6 months but less than 12 months	**33%**	**526**	**(176)**	**350**
Over 12 months but less than 24 months	**60%**	**998**	**(600)**	**398**
Over 24 months	**83%**	**2,955**	**(2,456)**	**499**
		16,706	**(3,574)**	**13,132**

40. Financial Risk Management Objectives and Policies (continued)

(a) Credit risk and impairment assessment (continued)

Impairment of financial assets (continued)

Accounts receivable and contract assets (continued)

	Expected loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Ageing based on the invoice date				
As at 31 March 2021				
Within 1 month	2%	1,985	(34)	1,951
Over 1 month but less than 3 months	4%	2,013	(85)	1,928
Over 3 months but less than 6 months	10%	2,625	(258)	2,367
Over 6 months but less than 12 months	32%	444	(143)	301
Over 12 months but less than 24 months	57%	991	(567)	424
Over 24 months	58%	2,500	(1,440)	1,060
		10,558	(2,527)	8,031

Increase in loss allowance for accounts receivable during the year is mainly due to increase in gross carrying amount of accounts receivable.

On that basis, the loss allowance for contract assets as at 31 March 2022 and 2021 was determined as follows:

	Expected loss rate	**Gross carrying amount** HK$'000	**Loss allowance** HK$'000	**Net carrying amount** HK$'000
As at 31 March 2022	**5%**	**49,168**	**(2,631)**	**46,537**
As at 31 March 2021	4%	44,806	(1,645)	43,161

Increase in loss allowance for contract assets during the year is mainly due to increase in gross carrying amount of contract assets and increase in days outstanding.

40. Financial Risk Management Objectives and Policies (continued)

(a) Credit risk and impairment assessment (continued)

Impairment of financial assets (continued)

Accounts receivable and contract assets (continued)

Movement of impairment loss allowances for accounts receivable and contract assets are as follows:

	Accounts receivable HK$'000	**Contract assets** HK$'000
At 1 April 2020	4,955	1,049
(Decrease)/increase in loss allowance recognised in profit or loss during the year	(2,428)	1,870
Written off during the year	–	(1,274)
At 31 March 2021 and 1 April 2021	**2,527**	**1,645**
Increase in loss allowance recognised in profit or loss during the year	**1,047**	**2,354**
Written off during the year	**–**	**(1,368)**
At 31 March 2022	**3,574**	**2,631**

At 31 March 2022, contract assets, which have been impaired previously, amounting to approximately HK$1,368,000 (2021: HK$1,274,000) were individually determined to be written off. These receivables have been long outstanding and the related services were suspended for long period. In the opinion of the directors of the Company, these contract assets were unable to be recovered from the customers.

Impairment losses on accounts receivable and contract assets are included in net (provision for)/reversal of impairment on accounts receivable and contract assets under the consolidated statement of profit or loss and other comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

(b) Liquidity risk

The Group monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the aged repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

40. Financial Risk Management Objectives and Policies (continued)

(b) Liquidity risk (continued)

	Contractual undiscounted cash outflow					
	On demand HK$'000	**Within 1 year** HK$'000	**Over 1 year but within 2 years** HK$'000	**Over 2 years but within 5 years** HK$'000	**Total** HK$'000	**Total carrying amount** HK$'000
As at 31 March 2022						
Accounts payable	**1,880**	**–**	**–**	**–**	**1,880**	**1,880**
Financial liabilities included in other payables and accruals	**4,938**	**–**	**–**	**–**	**4,938**	**4,938**
Bank loans	**9,282**	**–**	**–**	**–**	**9,282**	**9,282**
Lease liabilities	**–**	**1,983**	**119**	**106**	**2,208**	**2,176**
	16,100	**1,983**	**119**	**106**	**18,308**	**18,276**
As at 31 March 2021						
Accounts payable	1,020	–	–	–	1,020	1,020
Financial liabilities included in other payables and accruals	3,915	–	–	–	3,915	3,915
Bank loans	8,500	–	–	–	8,500	8,500
Lease liabilities	–	3,509	1,221	149	4,879	4,737
	13,435	3,509	1,221	149	18,314	18,172

The table below summarises the maturity analysis of bank loans with a demand clause based on agreed schedule repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis contained in the above table.

The directors of the Company do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

40. Financial Risk Management Objectives and Policies (continued)

(b) Liquidity risk (continued)

	Contractual undiscounted cash outflow					
	Within 1 year HK$'000	Over 1 year but within 2 years HK$'000	Over 2 years but within 5 years HK$'000	Over 5 years HK$'000	Total HK$'000	Total carrying amount HK$'000
As at 31 March 2022						
Bank loans	**4,446**	**943**	**2,830**	**1,651**	**9,870**	**9,282**
As at 31 March 2021						
Bank loans	4,057	1,321	3,524	–	8,902	8,500

(c) Interest rate risk

The Group's interest rate risk arises primarily from short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profile as monitored by management is set out in below.

Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period.

	2022		2021	
	Effective interest rate per annum %	**HK$'000**	Effective interest rate per annum %	HK$'000
Fixed rate borrowings:				
Lease liabilities	**2.86**	**2,176**	2.96	4,737
Variable rate borrowings/(deposits):				
Bank loans	**2.75**	**9,282**	2.75	8,500
Pledge bank deposits	**0.08**	**(4,503)**	0.08	(5,142)
Bank balances	**0.00–0.40**	**(16,427)**	0.02–0.41	(26,640)
Total net deposits		**(9,472)**		(18,545)

As the Group does not have significant exposure to interest rate risk, the Group's financial performance and operating cash flows are substantially independent of changes in interest rate change.

40. Financial Risk Management Objectives and Policies (continued)

(d) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as financial assets at FVTOCI and FVTPL (see Notes 20 and 21). These investments comprised of listed and unlisted companies.

Listed investments held in the financial assets at FVTOCI have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations. Given that the volatility of the stock markets may not have a direct correlation with the Group's investment portfolio, it is impractical to determine the impact that the changes in stock market indices would have on the Group's portfolio of equity investments.

At 31 March 2022, it is estimated that an increase/decrease of 10% (2021: 10%) in the market value of the Group's equity investments classified as financial assets at FVTOCI, with all other variables held constant, would have increased/decreased the Group's other components of consolidated equity by approximately HK$22,000 (2021: approximately HK$24,000). The analysis is performed on the same basis as 2021.

At 31 March 2022, it is estimated that an increase/decrease of 5% in the equity value of Intensel per share of the Group's convertible instruments classified as financial assets at FVTPL, with all other variables held constant, would have decreased or increased the Group's loss before income tax and accumulated losses by approximately HK$30,000 or HK$9,000 respectively. As at 31 March 2021, the Group has no convertible instruments.

At 31 March 2022 and 2021, the fair value of the financial assets at FVTPL also includes the fair value of the Profit Guarantee, which is not exposed to equity price risk.

(e) Capital management

The Group defines "capital" as total equity attributable to owners of the Company.

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group is not subject to any externally imposed capital requirements.

At 31 March 2022, the Group has interest-bearing bank loans amounting to HK$9,282,000 (2021: HK$8,500,000). The gearing ratio, representing the ratio of total borrowings to the total share capital and reserves of the Group was 12.6% (2021: 10.8%) at 31 March 2022.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

41. Events after the End of the Reporting Period

Save as disclosed elsewhere in the consolidated financial statements, the Group has the following subsequent events:

Subsequent to the end of reporting period, a subsidiary obtained a bank overdraft of HK$2,500,000 and revolving loan of HK$3,500,000. Also, the bank overdraft and revolving loan are guaranteed by the executive directors of the Company and the Company.

In addition, one of the subsidiaries early repaid a bank loan of HK$3,500,000 and the total banking facilities of HK$7,000,000 from the bank was cancelled. The respective corporate guarantees provided by the Company and one of the subsidiaries of the Company and the Group's pledged deposits were released accordingly.

42. Financial Information of the Company

(a) Statement of financial position

	2022 HK$'000	2021 HK$'000
Non-current asset		
Investment in a subsidiary	**78,648**	78,468
Current assets		
Prepayments	**848**	1,552
Cash and cash equivalents	**223**	109
	1,071	1,661
Current liabilities		
Other payables and accruals	**1,131**	425
Amount due to a subsidiary	**13,744**	11,718
	14,875	12,143
Net current liabilities	**(13,804)**	(10,482)
Net assets	**64,844**	67,986
Capital and reserves		
Share capital	**14,030**	14,030
Reserves	**50,814**	53,956
Total equity	**64,844**	67,986

The statement of financial position of the Company was approved and authorised for issue by the Board of Directors on 24 June 2022 and is signed on its behalf by:

KWOK May Han Grace
Director

WU Dennis Pak Kit
Director

42. Financial Information of the Company (continued)

(b) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity during the year are set out below:

	Share capital HK$'000 (Note 31)	Share premium*# HK$'000	Other reserve* HK$'000 (Note 32)	Capital reserve*## HK$'000	Shares held under share award scheme* HK$'000 (Note 32)	Share award reserve* HK$'000 (Note 32)	Accumulated losses* HK$'000	Total equity HK$'000
At 1 April 2020	12,000	39,081	527	37,607	(4,411)	303	(23,639)	61,468
Loss and total comprehensive income for the year	–	–	–	–	–	–	(3,567)	(3,567)
Issue of shares upon placing (Note 31(a))	2,030	8,344	–	–	–	–	–	10,374
Issuance of shares to share award grantee (Note 32)	–	(596)	(1,070)	–	1,666	–	–	–
Purchase of shares under share award scheme	–	–	–	–	(976)	–	–	(976)
Equity-settled share-based payments (Note 35)	–	–	–	–	–	687	–	687
Lapsed shares	–	–	–	–	–	(59)	59	–
Ordinary shares to be issued upon vesting of share award (Note 35)	–	–	661	–	–	(661)	–	–
At 31 March 2021 and 1 April 2021	**14,030**	**46,829**	**118**	**37,607**	**(3,721)**	**270**	**(27,147)**	**67,986**
Loss and total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(3,648)**	**(3,648)**
Issuance of shares to share award grantee (Note 32)	**–**	**(181)**	**(334)**	**–**	**515**	**–**	**–**	**–**
Equity-settled share-based payments (Note 35)	**–**	**–**	**–**	**–**	**–**	**506**	**–**	**506**
Lapsed shares	**–**	**–**	**–**	**–**	**–**	**(155)**	**155**	**–**
Ordinary shares to be issued upon vesting of share award (Note 35)	**–**	**–**	**216**	**–**	**–**	**(216)**	**–**	**–**
At 31 March 2022	**14,030**	**46,648**	**–**	**37,607**	**(3,206)**	**405**	**(30,640)**	**64,844**

42. Financial Information of the Company (continued)

(b) Movements in components of equity (continued)

* These accounts comprise the reserves of approximately HK$50,814,000 (2021: approximately HK$53,956,000) in the statement of financial position of the Company.

\# The share premium account of the Company includes the premium arising from the issue of new shares pursuant to the share offering net of listing expenses and capitalisation issue.

\## Capital reserve of the Company represents the difference between the net asset value of AEC BVI acquired pursuant to the reorganisation arrangements undergone by the Company for the listing of the Company's shares on GEM, and the nominal value of the shares issued by the Company in exchange therefor.

Financial Summary

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**43,138**	40,320	42,497	30,120	30,537
Gross profit	**18,606**	20,974	20,922	9,691	12,974
(Loss)/profit before income tax	**(5,369)**	4,640	1,041	(10,454)	(4,426)
(Loss)/profit for the year	**(5,010)**	3,459	771	(9,884)	(4,095)
Attributable to:					
Owners of the Company	**(4,936)**	3,545	771	(9,884)	(4,095)
Basic (loss)/earnings per share			(restated)	(restated)	(restated)
(HK cents)	**(0.72)**	0.55	0.13	(1.68)	(0.70)

Consolidated Statement of Financial Position

	As at 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Assets					
Non-current assets	**8,849**	11,306	16,621	6,216	9,017
Current assets	**86,404**	87,362	69,215	69,644	87,156
Total assets	**95,253**	98,668	85,836	75,860	96,173
Liabilities					
Non-current liabilities	**218**	1,354	4,737	–	–
Current liabilities	**21,121**	18,846	16,653	10,384	18,618
Total liabilities	**21,339**	20,200	21,390	10,384	18,618
Net current assets	**65,283**	68,516	52,562	59,260	68,538
Total assets less current liabilities	**74,132**	79,822	69,183	65,476	77,555
Total equity attributable to owners of the Company	**73,867**	78,392	64,446	65,476	77,555