



沛然環保

**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

FIRST QUARTERLY REPORT 2022/23



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

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

This report, for which the directors (the “Directors”) of Allied Sustainability and Environmental Consultants Group Limited (the “Company”, and together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



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Financial Highlights

Revenue of the Company and its subsidiaries (the “Group”) for the three months ended 30 June 2022 amounted to approximately HK\$11.5 million while gross profit of the Group for the same period amounted to approximately HK\$5.0 million.

The net profit after tax of the Group for the three months ended 30 June 2022 amounted to approximately HK\$0.4 million, as compared with the net loss after tax of approximately HK\$2.0 million for the three months ended 30 June 2021. The net profit after tax was mainly attributed to (i) the increase in revenue and gross profit; and (ii) the government subsidies from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme.

The board of Directors (the “Board”) has resolved not to declare the payment of any dividend for the three months ended 30 June 2022 (three months ended 30 June 2021: Nil).

The Board announces the unaudited first quarterly consolidated results of the Group for the three months ended 30 June 2022 (the “Period”), together with the relevant comparative unaudited figures for the corresponding period in 2021, which have not been audited or reviewed by the independent auditor but have been reviewed and approved by the audit committee of the Company (the “Audit Committee”), as follows:

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

For the three months ended 30 June 2022

| | Note | Unaudited Three months ended 30 June | |
|--|------|--|------------------|
| | | 2022 HK\$'000 | 2021 HK\$'000 |
| Revenue | 4 | 11,548 | 10,162 |
| Cost of services provided | | (6,531) | (5,651) |
| Gross profit | | 5,017 | 4,511 |
| Other income, gains and losses, net | | 1,273 | 143 |
| Administrative expenses | | (5,821) | (6,398) |
| Finance costs | 5 | (78) | (135) |
| Profit/(loss) before income tax | 6 | 391 | (1,879) |
| Income tax expense | 7 | (21) | (108) |
| Profit/(loss) for the period | | 370 | (1,987) |
| Profit/(loss) for the period attributable to: | | | |
| Owners of the Company | | 371 | (1,987) |
| Non-controlling interests | | (1) | – |
| | | 370 | (1,987) |

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

For the three months ended 30 June 2022

| | Note | Unaudited Three months ended 30 June | |
|--|------|--|------------------|
| | | 2022 HK\$'000 | 2021 HK\$'000 |
| Other comprehensive income | | | |
| <i>Item that will not be reclassified to profit or loss:</i> | | | |
| – Change in fair value of equity investments designated at fair value through other comprehensive income | | – | 34 |
| Other comprehensive income for the period, net of income tax | | – | 34 |
| Total comprehensive income for the period | | 370 | (1,953) |
| Total comprehensive income for the period attributable to: | | | |
| Owners of the Company | | 371 | (1,953) |
| Non-controlling interests | | (1) | – |
| | | 370 | (1,953) |
| Earnings/(loss) per share attributable to owners of the Company | | | |
| – Basic earnings/(loss) per share (HK cents) | 8 | 0.05 | (0.29) |
| – Diluted earnings/(loss) per share (HK cents) | 8 | 0.05 | (0.29) |

Unaudited Condensed Consolidated Statement of Changes in Equity

For the three months ended 30 June 2022

| | Attributable to owners of the Company | | | | | | | | | |
|--|---------------------------------------|---------------------------|---------------------------------|---------------------------------|--|----------------------------------|--------------------------------|-------------------|---------------------------------------|--------------------------|
| | Share capital HK\$'000 | Other reserve HK\$'000 | Revaluation reserve HK\$'000 | Translation reserve HK\$'000 | Shares held under Share Award Scheme HK\$'000 | Shares award reserve HK\$'000 | 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 period | - | - | - | - | - | - | (1,987) | (1,987) | - | (1,987) |
| Other comprehensive income for the period: | | | | | | | | | | |
| Change in fair value of equity investments designated at fair value through other comprehensive income | - | - | 34 | - | - | - | - | 34 | - | 34 |
| Total comprehensive income for the period | - | - | 34 | - | - | - | (1,987) | (1,953) | - | (1,953) |
| Equity-settled share-based payments | - | - | - | - | - | 42 | - | 42 | - | 42 |
| Lapsed shares | - | - | - | - | - | (5) | - | (5) | - | (5) |
| Ordinary shares to be issued upon vesting of share award | - | (103) | - | - | 103 | - | - | - | - | - |
| Release of revaluation reserve upon disposal of equity investments designated at fair value through other comprehensive income | - | - | 41 | - | - | - | (41) | - | - | - |
| At 30 June 2021 | 14,030 | 68,692 | - | 211 | (3,618) | 307 | (3,146) | 76,476 | 76 | 76,552 |
| At 1 April 2022 | 14,030 | 68,496 | (281) | 306 | (3,206) | 405 | (5,882) | 73,868 | 47 | 73,915 |
| Profit for the period | - | - | - | - | - | - | 371 | 371 | (1) | 370 |
| Total comprehensive income for the period | - | - | - | - | - | - | 371 | 371 | (1) | 370 |
| Purchase of shares under share award scheme | - | - | - | - | (801) | - | - | (801) | - | (801) |
| Equity-settled share-based payments | - | - | - | - | - | 149 | - | 149 | - | 149 |
| Lapsed shares | - | - | - | - | - | (50) | 50 | - | - | - |
| At 30 June 2022 | 14,030 | 68,496 | (281) | 306 | (4,007) | 504 | (5,461) | 73,587 | 46 | 73,633 |

Notes to the Unaudited Condensed Consolidated Financial Information

For the three months ended 30 June 2022

1. Corporate Information and Basis of Preparation

(a) Corporate information

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

The Company is an investment holding company. The Company’s subsidiaries were principally engaged in the provision of 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 shareholders of the Company.

(b) Basis of preparation of the unaudited condensed consolidated financial statements

The Group’s unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2021/22 annual financial statements except for the adoption of the standards, amendments and interpretation issued by the HKICPA mandatory for the annual periods beginning on 1 April 2022. The effect of the adoption of these standards, amendments and interpretation is not material on these unaudited condensed consolidated financial statements.

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

Notes to the Unaudited Condensed Consolidated Financial Information

For the three months ended 30 June 2022

1. Corporate Information and Basis of Preparation (Continued)

(b) Basis of preparation of the unaudited condensed consolidated financial statements (Continued)

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

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

Judgements made by management in the application of HKFRSs that have significant effect on these financial statements and major sources of estimation uncertainty are discussed in note 3.

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

2. Accounting Policies

The accounting policies and methods of computation used in the Financial Information are the same as those followed in the preparation of the audited consolidated financial statements of the Group for the year ended 31 March 2022 included in the annual report 2021/22.

3. Significant Accounting Estimates

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

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

Notes to the Unaudited Condensed Consolidated Financial Information

For the three months ended 30 June 2022

3. Significant Accounting Estimates (Continued)

Revenue

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

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

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

Provision of expected credit loss ("ECL") for 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 and the Group's accounts receivable and contract assets are disclosed in audited consolidated financial statements as at 31 March 2022.

Notes to the Unaudited Condensed Consolidated Financial Information

For the three months ended 30 June 2022

3. Significant Accounting Estimates (Continued)

Impairment of non-financial assets

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

During the three months ended 30 June 2022, no impairment loss on property, plant and equipment and intangible assets were recognised by the Group (30 June 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.

Fair value of financial instruments

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

Notes to the Unaudited Condensed Consolidated Financial Information

For the three months ended 30 June 2022

4. Revenue

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

- (a) Green building certification consultancy segment involves consultancy on the application of green building certification for new buildings, existing buildings and interiors of buildings;
- (b) Sustainability and environmental consultancy segment involves consultancy on sustainability and environmental impact assessment for compliance with statutory requirements in relation to environmental impact and pollution control;
- (c) Acoustics, noise and vibration control and audio-visual design consultancy segment involves designs for architectural acoustic, mechanical vibration, noise control and audio-visual systems; and
- (d) ESG reporting and consultancy segment involves ESG reporting and consultancy.

| | Unaudited Three months ended 30 June | |
|--|---|----------|
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| An analysis of the Group's revenue during the period is as follows: | | |
| Revenue from provision of | | |
| Green building certification consultancy | 6,375 | 4,736 |
| Sustainability and environmental consultancy | 2,819 | 2,551 |
| Acoustics, noise and vibration control and audio-visual design consultancy | 1,185 | 1,622 |
| ESG reporting and consultancy | 1,169 | 1,253 |
| | 11,548 | 10,162 |

Notes to the Unaudited Condensed Consolidated Financial Information

For the three months ended 30 June 2022

5. Finance Costs

| | Unaudited Three months ended 30 June | |
|-------------------------------|---|------------------|
| | 2022 HK\$'000 | 2021 HK\$'000 |
| Interest on bank loans | 65 | 60 |
| Interest on lease liabilities | 13 | 75 |
| | 78 | 135 |

6. Profit/(Loss) before Income Tax

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

| | Unaudited Three months ended 30 June | |
|--|---|------------------|
| | 2022 HK\$'000 | 2021 HK\$'000 |
| Amortisation of intangible assets | 35 | 35 |
| Depreciation of property, plant and equipment | 197 | 189 |
| Depreciation of right-of-use assets | 1,000 | 992 |
| Employee benefit expense (including directors' emoluments): | | |
| – Salaries, allowances and benefits in kind | 6,561 | 4,901 |
| – Discretionary performance-related bonuses | – | 1,250 |
| – Retirement benefit scheme contributions (defined contribution scheme) | 250 | 257 |

Notes to the Unaudited Condensed Consolidated Financial Information

For the three months ended 30 June 2022

7. Income Tax Expense

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI (three months ended 30 June 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 period 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 period.

PRC Corporate Income Tax has been provided at the rate of 25% (three months ended 30 June 2021: 25%) on the estimated assessable profits arising in the PRC for the period.

| | Unaudited Three months ended 30 June | |
|--|---|------------------|
| | 2022 HK\$'000 | 2021 HK\$'000 |
| Current – Hong Kong Profits Tax | | |
| Charge/(credit) for the period | 52 | (52) |
| Deferred tax – net effect | (31) | 160 |
| Income tax expense for the period | 21 | 108 |

8. Earnings/(Loss) per Share Attributable to Owners of the Company for the Period

Basic earnings/(loss) per share

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

| | Unaudited Three months ended 30 June | |
|---|---|------------------|
| | 2022 HK\$'000 | 2021 HK\$'000 |
| Profit/(loss) for the period attributable to owners of the Company used in the calculation of basic earnings/(loss) per share | 371 | (1,987) |

Notes to the Unaudited Condensed Consolidated Financial Information

For the three months ended 30 June 2022

8. Earnings/(Loss) per Share Attributable to Owners of the Company for the Period (Continued)

Basic earnings/(loss) per share (Continued)

| | Unaudited Three months ended 30 June | |
|---|---|-----------------------------|
| | 2022 Number of shares | 2021 Number of shares |
| Weighted average number of ordinary shares: | | |
| Issued ordinary shares at the beginning of period | 690,306,666 | 688,526,666 |
| Net effect of Shares (purchased in the open market)/issued to the grantees under Share Award Scheme | (6,355,556) | 312,111 |
| Weighted average number of ordinary shares for the purpose of the basic earnings/(loss) per share | 683,951,110 | 688,838,777 |

Diluted earnings/(loss) per share

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

| | Unaudited Three months ended 30 June | |
|---|---|------------------|
| | 2022 HK\$'000 | 2021 HK\$'000 |
| Profit/(loss) for the period attributable to owners of the Company used in calculating diluted earnings per share | 371 | (1,987) |

Notes to the Unaudited Condensed Consolidated Financial Information

For the three months ended 30 June 2022

8. Earnings/(Loss) per Share Attributable to Owners of the Company for the Period (Continued)

Diluted earnings/(loss) per share (Continued)

| | Unaudited Three months ended 30 June | |
|--|---|-----------------------------|
| | 2022 Number of shares | 2021 Number of shares |
| Weighted average number of ordinary shares: | | |
| Weighted average number of ordinary shares for the purpose of the basic earnings/(loss) per share | 683,951,110 | 688,838,777 |
| Adjustments for calculation of diluted earnings/(loss) per share | N/A | N/A |
| Adjusted weighted average number of ordinary shares for the purpose of the diluted earnings/(loss) per share | 683,951,110 | 688,838,777 |

As at 30 June 2022 and 2021, the Company had outstanding restricted shares awarded to selected participants under the Share Award Scheme. For such outstanding restricted shares, 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 resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share for the three months ended 30 June 2021.

The computation of diluted earnings per share during the three months ended 30 June 2022 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 earnings per share.

9. Dividends

The Board has resolved not to declare the payment of any dividend in respect of the three months ended 30 June 2022 (three months ended 30 June 2021: Nil).

Management Discussion and Analysis

Industry Review

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

Meanwhile, 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 on 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 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 control the maximum energy consumption of buildings and form the basis of general development schemes or reports related to the energy saving strategy in Hong Kong. It requires new government buildings with construction floor area of more than 5,000 square metres and 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.

Management Discussion and Analysis

Business Review

The Company's subsidiaries are specialised in the provision of (i) green building certification consultancy; (ii) sustainability and environmental consultancy; (iii) acoustics, noise and vibration control and audio-visual design consultancy; and (iv) ESG reporting and consultancy. The four business segments respectively contributed approximately 55.2%, 24.4%, 10.3% and 10.1% to the Group's overall revenue for the three months ended 30 June 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 30 June 2022, the Group had 294 (as at 30 June 2021: 216) projects on green building certification on hand which were mainly from property developers, contractors, architects, designers and government authorities.

Sustainability and Environmental Consultancy

This segment is mainly engaged in the provision of sustainable design solutions to architects for urban regeneration, sustainable development and integrated planning. The solutions include but not limited to providing environmental impact assessment, noise impact assessment, air quality impact assessment, air ventilation assessment, carbon/energy audit and built environmental study. As at 30 June 2022, the Group had 100 (as at 30 June 2021: 81) projects on sustainability and environmental consultancy on hand which were mainly from property developers, contractors, architects, designers and government departments.

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

This segment provides services to assist architects and engineers to test and evaluate environmental performance of various materials and products for buildings. The services include but are not limited to architectural acoustics, building acoustics, mechanical service and airborne noise control, sound reinforcement and public address system, architectural and facade lighting system as well as theatre planning and stage equipment system. As at 30 June 2022, the Group had 95 (as at 30 June 2021: 57) projects on acoustics, noise and vibration control and audio-visual design consultancy on hand which were mainly from property developers, architects and designers.

Management Discussion and Analysis

Business Review (Continued)

ESG Reporting and Consultancy

This segment provides consultancy services on ESG reporting for companies listed on the Stock Exchange, which are required or otherwise encouraged by the Stock Exchange to identify and disclose ESG issues and key performance indicators that are non-financial information but reflect significant environmental and social impacts, and ultimately influence the assessments and decisions of stakeholders. The Group provides a one-stop solution from identifying the material aspects of ESG issues and formulating ESG implementation plan to the preparation of an ESG report. As at 30 June 2022, the Group had 45 (as at 30 June 2021: 38) projects on ESG reporting and consultancy on hand across various industries.

Prospects

It is the Group's all-time commitment to serving Hong Kong and overall well-being, and it is our vision to expand our footprints around the globe. The Group endeavors to expand its project portfolio across the Southeast Asia riding on the Belt and Road Initiative. Last year, the Group has successfully secured a green building consultancy contract in Yangon, Myanmar. Meanwhile, the Company has already set up new companies in Thailand and Singapore to explore business opportunities for the provision of one-stop on-demand services for customers in Southeast Asia covering five business areas, including (a) green and healthy building; (b) acoustics, audio-visual, lighting and theatre planning; (c) environmental consultancy and sustainable design; (d) green finance, sustainability strategies and ESG; and (e) Smart & Green Internet of Things ("IoT"). The Group will continue to look for opportunities to expand its geographical coverage of environmental consultancy, solutions and products.

According to the consultation conclusion on "Review of the ESG Reporting Guide and related Listing Rules" published by the Stock Exchange in December 2019, a number of significant improvements to the ESG governance and disclosure framework for companies listed on the Stock Exchange have been proposed to support and improve their governance and disclosure of ESG activities and metrics, which became effective in July 2020. We believe that the enhanced ESG disclosure requirements will result in the increase in demand for ESG consultancy services, which would widen the Group's business scope in this segment. Looking ahead to the second half of 2022, the Group intends to offer a full spectrum of green finance, sustainability and ESG advisory services, which involve ESG compliance and due diligence services covering local and international reporting standards, ESG enhancement services covering global sustainability initiatives, as well as green finance consultancy services from planning, execution to completion. Through our services, we aim to focus not only on compliance but also achievement towards designated ESG targets, so as to reveal the true value of our clients' businesses and deliver sustainable value to their stakeholders.

Management Discussion and Analysis

Prospects (Continued)

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

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

Climate change presents financial risk to the global economy now and in the future, and investors cannot avoid its impacts. As the world is taking steps towards building climate resilience, disclosure forms the bedrock of ambitious action. This momentum is likely to continue in the years ahead. In fact, the Green and Sustainable Finance Cross-Agency Steering Group, co-chaired by the Hong Kong Monetary Authority and the Securities and Futures Commission, has agreed that climate-related disclosures aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations will be mandatory across relevant sectors no later than 2025.

Management Discussion and Analysis

Prospects (Continued)

We are committed to providing one-stop sustainability and environmental consulting services at the highest standards anywhere in the world. The current market environment is creating higher demand: the key decision-makers of many countries have promised to reduce carbon emissions. Notably, China is setting the 2060 carbon neutrality goal, whereas Hong Kong has pledged to carbon neutrality by 2050. This growing commitment to a net-zero future prompted hundreds of thousands of institutions and enterprises to adopt new business layouts to meet updated policy requirements. The demand for environmental and sustainability consulting services is rising organically at a historic moment, while many management teams believe the works on ESG can help create a more socially responsible image, reduce investment risk, improve overall returns, and control long-term environmental risk – promoting ESG across all areas of business at the global level. Leveraging on our extensive experiences and expertise in green building, environmental design and sustainability strategies, the Group will actively seek business development opportunities to expand our decarbonization consulting services and capture the increasing market demand.

In addition, COVID-19 has led to increased demand for health awareness and overall well-being indoors, including building air quality and ventilation systems. We have become a market leader of this trend by having participated in a greater number of green and healthy building design and sustainability consulting projects, including the WELL Building Standard – creating more business opportunities for the Group, especially in the post-COVID green recovery era.

Financial Review

Revenue

The total revenue of the Group increased from approximately HK\$10.2 million for the three months ended 30 June 2021 to approximately HK\$11.5 million for the three months ended 30 June 2022, representing an increase of approximately 13.6%. As at 30 June 2022, the Group had 534 projects on hand, the aggregate contract sum of which amounted to approximately HK\$215 million.

The revenue of green building certification consultancy significantly increased by 34.6% from approximately HK\$4.7 million for the three months ended 30 June 2021 to approximately HK\$6.4 million for the three months ended 30 June 2022, which was resulted from an increment of new contracts awarded to the Group and substantial progress of the contracted service work of our on-going projects attained in this segment.

Management Discussion and Analysis

Financial Review (Continued)

Revenue (Continued)

The revenue of sustainability and environmental consultancy increased by 10.5% from approximately HK\$2.6 million for the three months ended 30 June 2021 to approximately HK\$2.8 million for the three months ended 30 June 2022, which was mainly due to an increase in the number of new contracts awarded to the Group.

The revenue of acoustics, noise and vibration control and audio-visual design consultancy decreased by approximately 26.9% from approximately HK\$1.6 million for the three months ended 30 June 2021 to approximately HK\$1.2 million for the three months ended 30 June 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 slightly decreased by approximately 6.7% from approximately HK\$1.3 million for the three months ended 30 June 2021 to approximately HK\$1.2 million for the three months ended 30 June 2022, which was due to the keen competition in this segment.

The table below sets forth the breakdown of the turnover by segments for the three months ended 30 June 2022 and 2021 respectively:

| | Unaudited | | | | | |
|--|----------------------------|-------|----------|-------|---------------------|--------|
| | Three months ended 30 June | | | | | |
| | 2022 | | 2021 | | Increase/(decrease) | |
| | HK\$'000 | % | HK\$'000 | % | HK\$'000 | % |
| Green building certification consultancy | 6,375 | 55.2 | 4,736 | 46.6 | 1,639 | 34.6 |
| Sustainability and environmental consultancy | 2,819 | 24.4 | 2,551 | 25.1 | 268 | 10.5 |
| Acoustics, noise and vibration control and audio-visual design consultancy | 1,185 | 10.3 | 1,622 | 16.0 | (437) | (26.9) |
| ESG reporting and consultancy | 1,169 | 10.1 | 1,253 | 12.3 | (84) | (6.7) |
| Total | 11,548 | 100.0 | 10,162 | 100.0 | 1,386 | 13.6 |

Management Discussion and Analysis

Financial Review (Continued)

Administrative Expenses

The Group's administrative expenses decreased by approximately 9.0% from approximately HK\$6.4 million for the three months ended 30 June 2021 to approximately HK\$5.8 million for the three months ended 30 June 2022.

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

The profit of the Group amounted to approximately HK\$0.4 million for the three months ended 30 June 2022 as compared to the loss of approximately HK\$2.0 million for the corresponding period in 2021, which was mainly attributed to (i) the increase in revenue and gross profit; and (ii) the government subsidies from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme.

Use of Proceeds ("UOP") from the Listing

As at 30 June 2022, the net proceeds ("Net Proceeds") from the initial public offering of the Company (the use of which has been changed on 9 August 2018, 25 March 2019, 20 December 2019 and 16 March 2022, as detailed in the annual report 2021/22 of the Company) 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 30 June 2022 HK\$'000 | Unused Net Proceeds up to 30 June 2022 HK\$'000 | Approximate percentage of total remaining unutilised Net Proceeds up to 30 June 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 proposed by responsible investment committee (Note 1) | 2,800 | 35.9% | 1,570 | 1,230 | 100% | On or before 31 January 2023 |
| 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 development 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 January 2023.

Management Discussion and Analysis

Foreign Exchange Exposure

The Group mainly operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars and does not have significant foreign currency exposure. Nevertheless, the Directors will closely monitor the Group's foreign currency position and consider natural hedge techniques to manage its foreign currency exposures by non-financial methods, managing the transaction currency, leading and lagging payments, receivables management, etc. The Company did not engage in any derivatives agreement and did not commit any financial instruments to hedge its foreign exchange exposure as at 30 June 2022.

Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the three months ended 30 June 2022. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Significant Investments and Future Plans for Material Investments and Capital Assets

As at 30 June 2022, the Group did not hold any significant investments in equity interest in any other companies. Save as disclosed in this report, the Group had no definite future plans for material investments and capital assets.

Management Discussion and Analysis

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) (i.e. the Acquisition).

Dashi Derun is a private company principally engaged in the provision of 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.

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.

Management Discussion and Analysis

Corporate Guarantee and Pledge of Assets

As at 30 June 2022, the Group's bank borrowings were guaranteed or secured by its assets below:

- (i) the corporate guarantees provided by the Company and one of the wholly-owned subsidiaries;
- (ii) the pledge of the Group's bank deposits of approximately HK\$3.5 million as at 30 June 2022 (31 March 2022: HK\$4.5 million); and
- (iii) the personal guarantees provided by two Executive Directors (31 March 2022: personal guarantees provided by two Executive Directors).

Contingent Liabilities

As at 30 June 2022, the Group had no significant contingent liabilities (31 March 2022: Nil).

Other Commitments

During the three months ended 30 June 2022 and the year ended 31 March 2022, the Group has committed to acquire an aggregate of 35% equity interest in Dashi Derun under the Acquisition at a total consideration of RMB7,000,000 as detailed in the paragraph headed "Acquisition of equity interest in a PRC company" under "Material Acquisitions and Disposals of Subsidiaries, Associates or Joint Ventures" under this section.

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 amounting to HK\$1,000,000. As at 30 June 2022, the outstanding capital commitment of the Group amounted to approximately HK\$500,000.

On 18 February 2021, the Group entered into a shareholders' agreement with Luk Advisor Limited and Mr. Cho Shiu Ming in respect of Marine Sustainability Limited. Pursuant to the agreement, the parties have agreed to inject initial capital amounting to HK\$1,000,000. As at 30 June 2022, the outstanding capital commitment of the Group amounted to approximately HK\$505,000.

Management Discussion and Analysis

Other Commitments (Continued)

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 amounting to HK\$1,500,000. As at 30 June 2022, the outstanding capital commitment of the Group amounted to HK\$447,000.

The Company expects that 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 various principal risks and uncertainties directly or indirectly. These risks and uncertainties are set out in the section headed "Principal Risks and Uncertainties" under the section headed "Management Discussion and Analysis" of the annual report 2021/22 of the Company.

Corporate Governance and Other Information

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 three months ended 30 June 2022. As at 30 June 2022, there was no outstanding option under the Share Option Scheme.

Share Award Scheme

On 8 February 2017 (the “Adoption Date”), the Company approved the adoption of 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.

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 the announcements of the Company dated 19 April 2022 and 22 April 2022.

As at 30 June 2022, 19,203,334 issued shares were held by the trustee.

Corporate Governance and Other Information

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 30 June 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% |

Corporate Governance and Other Information

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 Company (Continued)

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"), 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 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.

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, 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 30 June 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.

Corporate Governance and Other Information

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

As far as the Directors are aware, as at 30 June 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, 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 30 June 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.

Corporate Governance and Other Information

Rights to Acquire Shares or Debentures

Other than the Share Option Scheme, the Share Award Scheme and as disclosed under the section headed “Directors’ and Chief Executive’s interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations” above, at no time during the three months ended 30 June 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.

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, pursuant to which, *inter alia* 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. For further details, please refer to the prospectus of the Company dated 30 September 2016.

Corporate Governance and Other Information

Non-competition Undertaking by Controlling Shareholders (Continued)

During the three months ended 30 June 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 three months ended 30 June 2022, they and their respective associates have complied with the undertakings contained in the Deed of Non-competition.

Directors' Interest in Competing Business

During the three months ended 30 June 2022, none of the Directors had any interest in a business which competed or was likely to compete, directly or indirectly, with the Group's business.

Corporate Governance Code

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

According to the code provision C.2.1 of the CG Code, the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. Ms. Kwok May Han Grace was appointed as the Chairman of the Board on 11 November 2016 and the role and function of the Chief Executive of the Company have been de facto carried out by Ms. Kwok since then and up to 30 June 2022. 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.

With effect from 1 July 2022, Mr. Wu Dennis Pak Kit, an Executive Director, has been appointed as the Chief Executive Officer of the Company. For details, please refer to the announcement of the Company dated 30 June 2022.

Save as disclosed above, during the three months ended 30 June 2022, the Company has complied with all the code provisions of the CG Code.

Corporate Governance and Other Information

Compliance with Code of Conduct for Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by the Directors (the "Securities Code") on terms no less exacting than the Required Standard of Dealings. Following the specific enquiries made by the Company on the Directors, all Directors confirmed that they had complied with the Required Standard of Dealings and the Securities Code during the three months ended 30 June 2022.

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

None of the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the three months ended 30 June 2022 and thereafter up to the date of this report.

Audit Committee

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

Corporate Governance and Other Information

Audit Committee (Continued)

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

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

Hong Kong, 10 August 2022

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

As at the date of this report, the Executive Directors are Ms. Kwok May Han Grace (Chairman) and Mr. Wu Dennis Pak Kit (Chief Executive Officer); 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.