



**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

2021 INTERIM REPORT



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



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Financial Highlights

Revenue of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2021 amounted to approximately HK\$20.9 million while gross profit of the Group for the same period amounted to approximately HK\$9.2 million.

The net loss after tax of the Group for the six months ended 30 September 2021 amounted to approximately HK\$1.1 million, as compared with the net profit after tax of approximately HK\$1.6 million for the six months ended 30 September 2020, mainly due to (i) the Group’s granting of a one-off special bonus to reward and retain its employees; (ii) an increase in the Group’s expenses on the utilisation of subcontracting services of ecology, environmental impact monitoring and laboratory testing works for the six months ended 30 September 2021; and (iii) an increase in the provision of impairment for accounts receivable due to delay in the payments received from customers for the six months ended 30 September 2021, partially offset by the increase in revenue for the six months ended 30 September 2021. The other income and gains decreased from approximately HK\$1.7 million for the six months ended 30 September 2020 to approximately HK\$0.3 million for the six months ended 30 September 2021, which was mainly due to absence of government subsidies from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme during the six months ended 30 September 2021.

The board of Directors (the “Board”) has resolved not to declare the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

Unaudited Interim Condensed Consolidated Financial Statements

The Board is pleased to announce the unaudited interim consolidated results of the Group for the six months ended 30 September 2021, together with the relevant comparative unaudited/audited figures, which have not been audited nor reviewed by the independent auditor but have been reviewed and approved by the audit committee of the Company (the "Audit Committee"), as follows:

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

For the six months ended 30 September 2021

	Notes	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	5	10,743	10,122	20,905	18,598
Cost of services provided		(6,088)	(5,022)	(11,739)	(9,433)
Gross profit		4,655	5,100	9,166	9,165
Other income and gains	6	202	1,617	288	1,748
Administrative expenses		(4,341)	(4,578)	(9,943)	(9,332)
Finance costs	7	(100)	(79)	(235)	(171)
Share of results of a joint venture		(1)	–	(1)	–
Net reversal of/(provision for) impairment on accounts receivable and contract assets		495	(351)	(301)	648
Profit/(loss) before income tax	8	910	1,709	(1,026)	2,058
Income tax credit/(expense)	9	5	(427)	(103)	(485)
Profit/(loss) for the period		915	1,282	(1,129)	1,573
Profit/(loss) for the period attributable to:					
Owners of the Company		973	1,282	(1,071)	1,573
Non-controlling interests		(58)	–	(58)	–
		915	1,282	(1,129)	1,573

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

For the six months ended 30 September 2021

	Notes	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Other comprehensive (loss)/income					
<i>Items 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 (“FVOCI”)		–	(75)	34	128
– Gain on disposal of financial asset at FVOCI		–	–	57	–
Other comprehensive (loss)/income for the period, net of income tax		–	(75)	91	128
Total comprehensive income/(loss) for the period		915	1,207	(1,038)	1,701
Total comprehensive income/(loss) for the period attributable to:					
Owners of the Company		973	1,207	(980)	1,701
Non-controlling interests		(58)	–	(58)	–
		915	1,207	(1,038)	1,701
Earnings/(loss) per share attributable to owners of the Company			(Restated)		(Restated)
– Basic earnings/(loss) per share (HK cents)	10	0.14	0.20	(0.16)	0.25
– Diluted earnings/(loss) per share (HK cents)	10	0.14	0.20	(0.16)	0.25

Unaudited Interim Condensed Consolidated Statement of Financial Position

As at 30 September 2021

	Notes	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Non-current assets			
Property, plant and equipment	12	1,019	1,098
Intangible assets		315	385
Right-of-use assets		4,082	4,593
Interest in associates		115	115
Interest in a joint venture		15	16
Financial assets at fair value through other comprehensive income		500	236
Financial assets at fair value through profit or loss		2,708	2,708
Deposits and prepayment		1,142	1,530
Deferred tax assets		626	625
		10,522	11,306
Current assets			
Contract assets		48,516	43,161
Accounts receivable	13	7,887	8,031
Prepayments, deposits and other receivables		4,632	4,377
Pledged bank deposits		4,501	5,142
Cash and cash equivalents		21,980	26,651
		87,516	87,362
Current liabilities			
Accounts payable	14	1,685	1,020
Other payables and accruals		2,492	4,062
Bank loans		9,500	8,500
Contract liabilities		1,585	1,033
Lease liabilities		3,584	3,383
Current tax payable		952	848
		19,798	18,846
Net current assets		67,718	68,516
Total assets less current liabilities		78,240	79,822
Non-current liability			
Lease liabilities		646	1,354
Net assets		77,594	78,468
Equity			
Share capital	15	14,030	14,030
Reserves		63,546	64,362
Total equity attributable to owners of the Company		77,576	78,392
Non-controlling interests		18	76
Total equity		77,594	78,468

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2021

	Attributable to owners of the Company									
	Share capital HK\$'000	Other reserves* HK\$'000	Revaluation reserve* HK\$'000	Translation reserve* HK\$'000	Shares held under share award scheme* HK\$'000	Shares award reserve* HK\$'000 (Note)	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 period	-	-	-	-	-	-	1,573	1,573	-	1,573
Other comprehensive income for the period:										
Change in fair value of equity investments designated at fair value through other comprehensive income	-	-	128	-	-	-	-	128	-	128
Total comprehensive income for the period	-	-	128	-	-	-	1,573	1,701	-	1,701
Issuance of shares upon placing	1,200	4,104	-	-	-	-	-	5,304	-	5,304
Purchase of shares under share award scheme	-	-	-	-	(67)	-	-	(67)	-	(67)
Issuance of shares to share award grantee (Note)	-	(143)	-	-	143	-	-	-	-	-
Equity-settled share-based payments	-	-	-	-	-	280	-	280	-	280
At 30 September 2020	13,200	65,417	(2,406)	-	(4,335)	583	(795)	71,664	-	71,664
At 1 April 2021	14,030	68,795	(75)	211	(3,721)	270	(1,118)	78,392	76	78,468
Loss for the period	-	-	(75)	-	-	-	(1,071)	(1,071)	(58)	(1,129)
Other comprehensive income for the period:										
Change in fair value of equity investments designated at fair value through other comprehensive income	-	-	34	-	-	-	-	34	-	34
Gain on disposal of a financial asset at FVOCI	-	-	-	-	-	-	57	57	-	57
Total comprehensive (loss)/income for the period	-	-	34	-	-	-	(1,014)	(980)	(58)	(1,038)
Equity-settled share-based payments	-	-	-	-	-	164	-	164	-	164
Lapsed shares	-	-	-	-	-	(9)	9	-	-	-
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 September 2021	14,030	68,692	-	211	(3,618)	425	(2,164)	77,576	18	77,594

* These accounts comprise the unaudited interim condensed consolidated reserves of approximately HK\$63,546,000 (31 March 2021: HK\$64,362,000) in the unaudited interim condensed consolidated statement of financial position.

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

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2021

		Unaudited Six months ended 30 September	
	Notes	2021 HK\$'000	2020 HK\$'000
Cash flows from operating activities			
(Loss)/profit before income tax		(1,026)	2,058
Adjustments for:			
Finance costs	7	235	171
Interest income	6	(8)	(29)
Depreciation of property, plant and equipment	8	385	387
Depreciation of right-of-use assets	8	1,992	1,937
Amortisation of intangible assets	8	70	70
Equity-settled share-based payment expenses		164	280
Provision for/(reversal of) impairment of accounts receivable, net		301	(771)
Share of results of a joint venture		1	–
COVID-19-related rent concessions		–	(98)
		2,114	4,005
Increase in contract assets		(5,355)	(1,597)
(Increase)/decrease in accounts receivable		(157)	4,567
Increase in prepayments, deposits and other receivables		(413)	(974)
Increase/(decrease) in accounts payable		665	(618)
Decrease in other payables and accruals		(1,570)	(1,390)
Increase in contract liabilities		552	682
Cash (used in)/generated from operations		(4,164)	4,675
Interest received		6	12
Net cash (used in)/generated from operating activities		(4,158)	4,687
Cash flows from investing activities			
Additions of items of property, plant and equipment		(306)	(353)
Proceeds from disposal of equity investment classified as financial assets at fair value through other comprehensive income		327	1,295
Payments from acquisition of equity investment classified as financial assets at fair value through other comprehensive income		–	(265)
Repayment from a related company		46	–
Net cash generated from investing activities		67	677

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2021

	Unaudited Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Cash flows from financing activities		
Proceeds from completion of placing	–	5,304
Interest-bearing bank loans obtained	8,000	7,000
Repayment of interest-bearing bank loans	(7,000)	(7,000)
Interest paid	(125)	(55)
Payment for purchase of shares of the Company under share award scheme	–	(67)
Principal element of lease rental paid	(1,988)	(1,843)
Interest element of lease rental paid	(110)	(116)
Decrease in pledged bank deposits	643	–
Net cash (used in)/generated from financing activities	(580)	3,223
Net (decrease)/increase in cash and cash equivalents	(4,671)	8,587
Cash and cash equivalents at beginning of the period	26,651	8,092
Cash and cash equivalents at end of the period	21,980	16,679
Analysis of balances of cash and cash equivalents		
Cash and bank balances	21,980	16,679

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2021

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.

This unaudited interim condensed consolidated financial information is presented in Hong Kong dollars ("HK\$"), and all values are rounded to the nearest thousand unless otherwise indicated.

(b) Basic of Preparation

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 September 2021 (the "Financial Information") comprise the financial information of the Group and should be read in conjunction with the audited annual financial statements for the year ended 31 March 2021. Except for the adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1 April 2021, the accounting policies and methods of computation applied in preparing the Financial Information are consistent with those of the audited annual financial statements for the year ended 31 March 2021 as described in those annual financial statements.

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2021

1. Corporate Information and Basis of Preparation (Continued)

(b) Basic of Preparation (Continued)

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

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

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

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

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

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

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2021. HKFRSs comprise Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards and Interpretations.

(a) Adoption of revised HKFRSs

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

The adoption of the above revised standards has had no significant effect on the condensed consolidated financial statements of the Group.

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2021

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

(b) New or amendments to HKFRSs issued but not yet effective

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

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective for annual periods beginning on or after a date to be determined

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

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2021

3. Summary of Significant 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 2021 included in the 2021 annual report.

4. Significant Accounting Estimates and Judgements

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

The key 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.

Revenue

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

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

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2021

4. Significant Accounting Estimates and Judgements (Continued)

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

Provision of expected credit loss (“ECL”) for 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 for the year ended 31 March 2021.

Impairment of non-financial assets

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

During the six months ended 30 September 2021, no impairment loss on property, plant and equipment and intangible assets were recognised by the Group (30 September 2020: Nil).

Deferred tax assets

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

Fair value of financial instruments

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

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2021

5. 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) Acoustics, noise and vibration control and audio-visual design consultancy segment involves designs for architectural acoustic, mechanical vibration, noise control and audiovisual systems; and
- (d) ESG reporting and consultancy segment involves providing consultancy services, conducting assessment of the ESG system, and preparing report for clients in compliance with the Stock Exchange's ESG reporting guidelines and requirements.

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

Segment assets exclude property, plant and equipment, intangible assets, right-of-use assets, investment in associates, investment in a joint venture, deferred tax assets, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, 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.

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2021

5. Segment Information (Continued)

	Green building certification consultancy		Sustainability and environmental consultancy		Acoustics, noise and vibration control and audio-visual design consultancy Unaudited		ESG reporting and consultancy		Total	
	Six months ended 30 September									
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Segment revenue:										
Revenue – over time										
Hong Kong	8,347	8,780	5,213	3,092	3,152	4,512	2,776	1,333	19,488	17,717
The PRC	1,184	323	–	–	106	27	83	268	1,373	618
Macau	–	157	–	–	44	–	–	–	44	157
Others	–	106	–	–	–	–	–	–	–	106
Total revenue	9,531	9,366	5,213	3,092	3,302	4,539	2,859	1,601	20,905	18,598
Segment results	4,214	4,871	2,551	1,031	1,427	2,765	974	498	9,166	9,165
Reconciliation										
Unallocated income									288	1,748
Unallocated expenses									(10,244)	(8,684)
Share of results of a joint venture									(1)	–
Finance costs									(235)	(171)
(Loss)/profit before income tax									(1,026)	2,058
Unallocated:										
– Depreciation and amortisation									2,447	2,394
– Capital expenditure*									306	353
	Green building certification consultancy		Sustainability and environmental consultancy		Acoustics, noise and vibration control and audio-visual design consultancy		ESG reporting and consultancy		Total	
	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Segment assets	28,660	26,395	13,654	12,211	12,433	11,327	1,656	2,048	56,403	51,981
Reconciliation										
Unallocated assets									41,635	46,687
Total assets									98,038	98,668
Segment liabilities	1,464	662	1,281	891	298	261	227	239	3,270	2,053
Reconciliation										
Unallocated liabilities									17,174	18,147
Total liabilities									20,444	20,200

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

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2021

5. Segment Information (Continued)

(a) 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 non-current assets were located in Hong Kong as at 30 September 2021 and 31 March 2021.

(b) Information about major customers

No revenue from a single external customer accounted for 10% or more of the Group's revenue for the six months ended 30 September 2021 and 2020.

6. Other Income and Gains

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Interest income	4	12	8	29
COVID-19-related rent concessions (Note (iii))	–	98	–	98
Government subsidies (Note (ii))	191	1,469	191	1,469
Sundry income	7	38	89	152
	202	1,617	288	1,748

Notes:

- (i) The government subsidies recognised for the period ended 30 September 2021 was subsidies from Green Employment Scheme under the Graduates Subsidy Programme as promulgated by the Government of the Hong Kong. As at 30 September 2021, there are no unfulfilled conditions or other contingencies attached to these subsidies.

The government subsidies recognised for the period ended 30 September 2020 were the approved subsidies from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme and subsidies from Green Employment Scheme under the Graduates Subsidy Programme as promulgated by the Government of the Hong Kong Special Administrative Region of the PRC.

- (ii) The Group was granted a rent concession in relation to COVID-19 for office premises during the six months ended 30 September 2020. 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.

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2021

7. Finance Costs

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Interest on bank loans	65	25	125	55
Interest on lease liabilities	35	54	110	116
	100	79	235	171

8. Profit/(Loss) Before Income Tax

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

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Amortisation of intangible assets	35	35	70	70
Depreciation of property, plant and equipment	196	200	385	387
Depreciation of right-of-use assets	1,000	968	1,992	1,937
Employee benefits expense: (including directors' emoluments)				
– Salaries, allowances and benefits in kind	5,183	4,444	10,084	9,777
– Discretionary bonuses	–	742	1,203	742
– Retirement benefit scheme contributions (defined contribution scheme)	200	218	457	407

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2021

9. Income Tax (Credit)/Expense

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI (six months ended 30 September 2020: 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 periods 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 periods.

PRC Corporate Income Tax has been provided at the rate of 25% (six months ended 30 September 2020: 25%) on the estimated assessable profits arising in the PRC for the six months ended 30 September 2021.

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Current – Hong Kong Profits Tax				
Charge for the period	156	232	104	290
Deferred tax	(161)	195	(1)	195
Income tax (credit)/expense	(5)	427	103	485

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2021

10. Earnings/(Loss) Per Share Attributable to Owners of the Company for the Period

(a) 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 September		Unaudited Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Profit/(loss) for the period attributable to owners of the Company used in calculation basic earnings/(loss) per share	973	1,282	(1,071)	1,573

	Unaudited Six months ended 30 September	
	2021 Number of shares	2020 Number of shares (Restated)
Weighted average number of ordinary shares:		
Issued ordinary shares at the beginning of period	688,506,666	590,400,000
Net effect of shares issued	346,209	39,720,577
Weighted average number of ordinary shares for the purpose of the basic earnings/(loss) per share (Note (b))	688,852,875	630,120,577

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2021

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

(b) 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 September		Unaudited Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Profit/(loss) for the period attributable to owners of the Company used in calculation diluted earnings/(loss) per share	973	1,282	(1,071)	1,573

	Unaudited Six months ended 30 September	
	2021 Number of shares	2020 Number of shares (Restated)
Weighted average number of ordinary shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings/(loss) per share	688,852,875	630,120,577
Adjustments for calculation of diluted earnings/(loss) per share: Share award scheme	N/A	8,363,764
Adjusted weighted average number of ordinary shares for the purpose of the diluted earnings/(loss) per share	688,852,875	638,484,341

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2021

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

(b) Diluted earnings/(loss) per share (Continued)

The weighted average number of ordinary shares used to calculate the diluted earnings per share for the six months ended 30 September 2020 has been adjusted to reflect the share consolidation which took effect on 10 March 2021. Accordingly, the diluted earnings per share for the six months ended 30 September 2020 are restated.

As at 30 September 2021 and 2020, 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 six months ended 30 September 2020.

The computation of diluted earnings per share during the six months ended 30 September 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 earnings per share.

11. Dividends

The Board has resolved not to declare the payment of an interim dividend in respect of the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2021

12. Property, Plant and Equipment

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

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2021

12. Property, Plant and Equipment (Continued)

	Furniture, fixtures and office equipment HK\$'000	Leasehold improvement HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
30 September 2021				
At 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	301	5	-	306
Depreciation provided during the period	(152)	(233)	-	(385)
At 30 September 2021, net of accumulated depreciation	551	468	-	1,019
At 30 September 2021:				
Cost	1,904	1,396	256	3,556
Accumulated depreciation	(1,353)	(928)	(256)	(2,537)
Net carrying amount	551	468	-	1,019

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2021

13. Accounts Receivable

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Accounts receivable	10,715	10,558
Less: Allowance for credit losses	(2,828)	(2,527)
	7,887	8,031

Accounts receivable represent receivables for contract works. Accounts receivable are due within 0 to 30 days (31 March 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.

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

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Within 1 month	3,095	1,951
Over 1 month but less than 3 months	1,828	1,928
Over 3 months but less than 6 months	590	2,367
Over 6 months but less than 12 months	1,037	301
Over 12 months but less than 24 months	401	424
Over 24 months	936	1,060
	7,887	8,031

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2021

14. Accounts Payable

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

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Within 1 month	93	320
Over 1 month but within 6 months	1,413	395
Over 6 months	179	305
	1,685	1,020

Accounts payable are non-interest-bearing and are normally settled within 30 days (31 March 2021: within 30 days).

15. 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 30 September 2021	–	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 30 September 2021	–	701,510	14,030

Notes to Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2021

15. Share Capital (Continued)

Notes:

- (a) On 15 May 2020, the Company entered into a placing agreement with an independent placing agent. Pursuant to the placing agreement, the Company has conditionally agreed to place up to 120,000,000 shares of HK\$0.01 each through the placing agent to not less than six places 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 of 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 into a placing agreement with another independent placing agent. Pursuant to the placing agreement, the Company has conditionally agreed to place up to 115,000,000 shares of HK\$0.01 each through the placing agent to not less than six places 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 of 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 were 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 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 the general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

16. Comparative Figures

For the comparative figures of the unaudited interim condensed consolidated statement of Profit or Loss and Other Comprehensive Income, net reversal of/(provision for) impairment on accounts receivable and contract assets included in administrative expenses adjusted to be disclosed in separate line item in the unaudited interim condensed consolidated statement of Profit or Loss and Other Comprehensive Income.

17. Approval of the Unaudited Interim Condensed Consolidated Financial Statements

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2021 were approved and authorised for issue by the Board on 8 November 2021.

Management Discussion and Analysis

Industry Review

The Group sees opportunities of the provision of 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 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 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 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 be recognised as 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 contributed approximately 45.6%, 24.9%, 15.8% and 13.7% to the Group's total revenue for the six months ended 30 September 2021, respectively. For the six months ended 30 September 2021, the Group derived 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 September 2021, the Group had 245 (as at 30 September 2020: 190) 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 September 2021, the Group had 105 (as at 30 September 2020: 90) projects on sustainability and environmental consultancy on hand which were mainly from property developers, contractors, architects, designers and government authorities.

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

This segment provides services to assist architects and engineers to test and evaluate environmental performance of various materials and products for buildings. The services include but are not limited to architectural acoustics, building acoustics, mechanical service and airborne noise control, sound reinforcement and public address system, architectural and facade lighting system as well as theatre planning and stage equipment system. As at 30 September 2021, the Group had 85 (as at 30 September 2020: 76) 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

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 ESG issues and formulating ESG implementation plan to the preparation of an ESG report. As at 30 September 2021, the Group had 98 (as at 30 September 2020: 62) 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 the overall well-being of the community, 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 established 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 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 services.

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 continue to drive stronger demand for ESG consultancy services, which will continue to widen the Group's business scope in this segment. Looking ahead to the second half of 2021, 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 to achieve 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 HKEX 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, due 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 with 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. These growing commitments to a net-zero future prompted many 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 health awareness and concerns on 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.

Management Discussion and Analysis

Financial Review

Revenue

The total revenue of the Group increased from approximately HK\$18.6 million for the six months ended 30 September 2020 to approximately HK\$20.9 million for the six months ended 30 September 2021, representing an increase of 12.4%. As at 30 September 2021, the Group had 533 projects on hand (as at 30 September 2020: 418 projects), the aggregate contract sum of which amounted to approximately HK\$200.3 million.

The revenue of green building certification consultancy increased by 1.8% from approximately HK\$9.4 million for the six months ended 30 September 2020 to approximately HK\$9.5 million for the six months ended 30 September 2021. The slight increase in revenue was mainly driven by substantial progress in the contracted service work of our ongoing projects in this segment.

The revenue of sustainability and environmental consultancy significantly increased by 68.6% from approximately HK\$3.1 million for the six months ended 30 September 2020 to approximately HK\$5.2 million for the six months ended 30 September 2021, which was mainly due to an increase in new contracts awarded to the Group.

The revenue of acoustics, noise and vibration control and audio-visual design consultancy decreased by approximately 27.3% from approximately HK\$4.5 million for the six months ended 30 September 2020 to approximately HK\$3.3 million for the six months ended 30 September 2021, which was mainly resulted from a slowdown in the progress of the contracted service work of our ongoing projects in this segment under the impact of COVID-19.

The revenue of ESG reporting and consultancy soared by 78.6% from approximately HK\$1.6 million for the six months ended 30 September 2020 to approximately HK\$2.9 million for the six months ended 30 September 2021, which was because we have been engaged to provide sustainability consultancy services of ESG reporting to more listed companies clients and increase in the number of large scale projects awarded with higher contract value.

Management Discussion and Analysis

Financial Review (Continued)

Revenue (Continued)

	2021		2020		Increase/(Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Green building certification consultancy	9,531	45.6	9,366	50.4	165	1.8
Sustainability and environmental consultancy	5,213	24.9	3,092	16.6	2,121	68.6
Acoustics, noise and vibration control and audio-visual design consultancy	3,302	15.8	4,539	24.4	(1,237)	(27.3)
ESG reporting and consultancy	2,859	13.7	1,601	8.6	1,258	78.6
Total	20,905	100.0	18,598	100.0	2,307	12.4

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 24.4% from approximately HK\$9.4 million for the six months ended 30 September 2020 to approximately HK\$11.7 million for the six months ended 30 September 2021, which was mainly driven by an increase in the Group's expenses on utilisation of subcontracting services of ecology, environmental impact monitoring and laboratory testing works for the six months ended 30 September 2021.

The Group's gross profit remained stable at approximately HK\$9.2 million for the six months ended 30 September 2021 and 2020, which was primarily due to the Group's successful bidding of several sizable service contracts with large contract sums and the Group's proactive measures to foster direct cost management during the six months ended 30 September 2021.

Management Discussion and Analysis

Financial Review (Continued)

Administrative Expenses

The Group's administrative expenses increased by approximately 6.5% from approximately HK\$9.3 million for the six months ended 30 September 2020 to approximately HK\$9.9 million for the six months ended 30 September 2021 because the Group granted certain one-off special bonus to reward and retain its employees.

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

The loss attributable to the owners of the Company was approximately HK\$1.1 million for the six months ended 30 September 2021 as compared to the profit of approximately HK\$1.6 million for the corresponding period in 2020, mainly attributed to (i) the Group's granting of a one-off special bonus to reward and retain its employees; (ii) an increase in the Group's expenses on utilisation of subcontracting services of ecology, environmental impact monitoring and laboratory testing works for the six months ended 30 September 2021; and (iii) an increase in provision of impairment for accounts receivable due to delay in the payments received from customers for the six months ended 30 September 2021, partially offset by the increase in revenue for the six months ended 30 September 2021.

Net Cash (Used in)/Generated from Operating Activities

The Group's net cash used in operating activities for the six months ended 30 September 2021 was approximately HK\$4.2 million, whereas there was net cash generated from operating activities of approximately HK\$4.7 million for the six months ended 30 September 2020. It was mainly due to increase in accounts receivable and contract assets for the six months ended 30 September 2021.

Liquidity, Financial Resources and Capital Structure

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

The Group requires cash primarily for working capital needs. As at 30 September 2021, the Group had approximately HK\$22.0 million of cash and bank balances (as at 31 March 2021: approximately HK\$26.7 million), representing a decrease of approximately HK\$4.7 million as compared to those as at 31 March 2021.

The Group monitors its liquidity requirements on a short to medium term basis and arranges refinancing of the Group's bank borrowings (including short-term bank loan) as appropriate. The bank borrowings are secured, repayable on demand and denominated in Hong Kong dollars, and bear interest at a floating rate. As at 30 September 2021, the Group had banking facilities in an aggregate amount of approximately HK\$13.5 million, of which approximately HK\$4 million was unutilised.

Interim Dividend

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 September 2021 (30 September 2020: Nil).

Management Discussion and Analysis

Financial Review (Continued)

Employees and Remuneration Policies

As at 30 September 2021, the Company had a total of 66 employees (31 March 2021: 58). The Company's remuneration policies are in line with the prevailing market practice and are determined based on the respective 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.

Use of Proceeds ("UOP") from the Listing

As at 30 September 2021, 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 and 20 December 2019, as detailed in the 2021 annual report of the Company) have been applied and utilised as follows:

Proposed use of Net Proceeds after the third change in UOP on 20 December 2019	Note	Adjusted planned use of Net Proceeds HK\$'000	Approximate percentage of total adjusted planned use of Net Proceeds	Actual use of Net Proceeds up to 30 September 2021 HK\$'000	Unused Net Proceeds up to 30 September 2021 HK\$'000	Approximate percentage of total remaining unutilised Net Proceeds up to 30 September 2021	Expected timeline for utilisation of the remaining Net Proceeds
Expand into the PRC market through acquisition or establishment of subsidiaries	1	7,800	62.4%	-	7,800	100%	On or before 31 March 2022
Provide funding for the Group's working capital and other general corporate purposes		4,700	37.6%	4,700	-	-	-
Total		12,500	100%	4,700	7,800	100%	

Note 1: The Group entered into an equity transfer agreement signed on 18 December 2019 in relation to the acquisition of and capital injection in 35% equity interest of a target company (namely Beijing Dashi Derun Energy Technology Co. Ltd. (北京達實德潤能源科技有限公司)) at the total consideration of RMB7,000,000 (equivalent to approximately HK\$7,700,000) (the "Acquisition"). The actual use of the remaining Net Proceeds of approximately HK\$7.8 million was slower than planned because the relevant parties were still in the course of preparing and obtaining various completion documents and completion of the Acquisition has not yet taken place as of the date of this report because the COVID-19 situation is still evolving rapidly and there remains a substantial uncertainty over the severity and duration of the global outbreak. The Group will actively follow up on the Acquisition after quarantine-free travel between Hong Kong and the Mainland China has been resumed. It is expected the unused Net Proceeds will be utilised following the completion of the Acquisition which is expected to take place on or before 31 March 2022.

Management Discussion and Analysis

Gearing Ratio

The gearing ratio of the Group, calculated as total borrowings divided by total share capital and reserves, was approximately 12.2% as at 30 September 2021 (31 March 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 and does not have significant foreign currency exposure. Nevertheless, the Directors will closely monitor the Group's foreign currency exposure and consider natural hedge technique to manage its foreign currency exposures by non-financial methods, managing the transaction currency, leading and lagging payments, receivables management, etc. The Company did not engage in any derivatives agreement and did not commit any financial instruments to hedge its foreign exchange exposure as at the six months ended 30 September 2021.

Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the six months ended 30 September 2021. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Significant Investments and Future Plans for Material Investments and Capital Assets

Saved as disclosed in this report, as at 30 September 2021, 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) (i.e. the Acquisition).

Dashi Derun is a private company principally engaged in the provision of green building and environmental consultancy 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. As at the date of this report, completion of the Acquisition has not yet taken place because the COVID-19 situation is still evolving and there remains a substantial uncertainty over the severity and duration of the global outbreak. The Group will actively follow up on the Acquisition after quarantine-free travel between Hong Kong and the Mainland China has been resumed. The Company expects that the completion will take place on or before 31 March 2022.

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.

Acquisition of equity interest in a Hong Kong company

In March 2021, the Group entered into a share acquisition agreement with Sky Wealth Financial Group (Investment) Limited (“Sky Wealth”), an independent third party, pursuant to which the Group agreed to invest HK\$500,000 in Sky Wealth and such investment is accounted for a deemed acquisition. Sky Wealth is an investment holding company and holds a licensed corporation. Upon the deemed completion of this capital injection which took place on 10 May 2021, the Group holds 8.3% equity interest in Sky Wealth. During the six months ended 30 September 2021, the non-current prepayment paid to Sky Wealth was reclassified as financial assets at FVOCI.

Management Discussion and Analysis

Corporate Guarantee and Pledge of Assets

As at 30 September 2021, the Group's bank borrowings were guaranteed or secured by its assets and the Directors as below:

- (i) corporate guarantees provided by the Company and one of its wholly-owned subsidiaries;
- (ii) the pledge of the Group's bank deposits of approximately HK\$4.5 million as at 30 September 2021 (31 March 2021: approximately HK\$5.1 million); and
- (iii) the personal guarantees provided by two executive Directors (31 March 2021: personal guarantees provided by two executive Directors).

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 September 2021 (31 March 2021: Nil).

Capital Commitments

During the six months ended 30 September 2021 and the year ended 31 March 2021, 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 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 September 2021, the outstanding capital commitment of the Group amounted to 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 Sustainure Limited. Pursuant to the agreement, the parties have agreed to inject initial capital amounting to HK\$1,000,000. As at 30 September 2021, the outstanding capital commitment of the Group amounted to 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 amounting to HK\$1,500,000. As at 30 September 2021, the outstanding capital commitment of the Group amounted to HK\$447,000.

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

Management Discussion and Analysis

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 the overall risk management and specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Principal Risks and Uncertainties

The Group's financial condition, operation and business prospect may be affected by 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 2021 annual report.

Corporate Governance and Other Information

Equity – linked Agreements

Details of the equity – linked agreements entered into during the period ended 30 September 2021 or subsisting as at 30 September 2021 are set out below:

Share Option Scheme

The Company has adopted a share option scheme (the “Share Option Scheme”) by the resolutions in writing of the Shareholders on 23 September 2016. No options had lapsed or had been granted, exercised or cancelled under the Share Option Scheme during the six months ended 30 September 2021. As at 30 September 2021, there was no outstanding option under the Share Option Scheme.

Share Award Scheme

On 8 February 2017, 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 selected participants at nominal value of HK\$0.01 per share. 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 at nominal value of HK\$0.01 per share 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. For details, please refer to the announcement of the Company dated 5 January 2021. As at 30 September 2021, 12,643,334 issued shares of HK\$0.02 each were held by the trustee.

The COVID-19 Pandemic’s Impact

The outbreak of COVID-19 has spread across the PRC and globally and the prevention and control measures to combat the disease continued to be implemented worldwide. So far, the Group has fully resumed work and normal operations. As the COVID-19 continues to cause concern on the public health, there is adverse impact on the Group to certain extent. The Directors will continue to closely monitor the development of the COVID-19 pandemic 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 September 2021, 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 (the "Required Standard of Dealings"), to be notified to the Company and the Stock Exchange, are as follows:

Interests in the Company

Name of Directors	Capacity	Number of shares of HK\$0.02 each ("Shares")	Approximate percentage of shareholding
Ms. Kwok May Han Grace ("Ms. Kwok") (Note)	Beneficial owner, interest of a controlled corporation and interest of spouse	366,955,799 (long position)	52.31%
Mr. Wu Dennis Pak Kit ("Mr. Wu") (Note)	Beneficial owner and interest of spouse	366,955,799 (long position)	52.31%

Note: Among these Shares, (i) 360,850,800 Shares are held by Gold Investments Limited ("Gold Investments"), a company incorporated in the BVI, the issued share capital of which is owned as to 70% by Ms. Kwok, an executive Director and the chairman of the Board and 30% by Mr. Wu, an executive Director, the vice chairman of the Board and the husband of Ms. Kwok; (ii) 2,591,666 Shares are held by Ms. Kwok as beneficial owner and (iii) 3,513,333 Shares are held by Mr. Wu as beneficial owner. Accordingly, Ms. Kwok is deemed to be interested in such Shares held by Gold Investments and Mr. Wu under the SFO, and Mr. Wu is deemed to be interested in such Shares held by Ms. Kwok under the SFO.

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

Interests in the Associated Corporation

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

Note: Gold Investments is a company incorporated in the BVI and the issued share capital of which is owned as to 70% by Ms. Kwok and 30% by Mr. Wu. Accordingly, Ms. Kwok is deemed to be interested in the shares held by 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 September 2021, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Required Standard of Dealings by Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules.

Corporate Governance and Other Information

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

As far as the Directors are aware, as at 30 September 2021, the following persons (other than a Director or chief executive of the Company) or entities had or were deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Name of Shareholders	Capacity	Number of Shares of HK\$0.02 each	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 was deemed to be interested in the same Shares held by City Beat.

Save as disclosed above, as at 30 September 2021, the Company had not been notified by any persons (other than a Director or the chief executive of the Company) who or entities which had interests or short positions in the Shares or underlying Shares which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Corporate Governance and Other Information

Rights to Acquire Shares or Debentures

Save as disclosed in the paragraphs headed “Share Option Scheme”, “Share Award Scheme” and “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations” in this report, at no time during the six months ended 30 September 2021 and up to the date of this report was the Company, its holding company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates to have any right to subscribe for securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or to acquire benefits by means of acquisitions of shares in, or debentures of, the Company or any other body corporate.

Non-Competition Undertaking by Controlling Shareholders

Each of the controlling shareholders (as defined under the GEM Listing Rules) of the Company i.e. Gold Investments, Ms. Kwok and Mr. Wu (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 respective close 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 provision of consultancy services in respect of (i) green building certification consultancy; (ii) sustainability consultancy and environmental consultancy; (iii) acoustics, noise and vibration control and audio-visual design consultancy; and (iv) ESG reporting and consultancy (the “Restricted Business”), except where the Controlling Shareholders hold less than 5% of the total issued share capital of any company (whose shares are listed on the Stock Exchange or any other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of the Group. For further details, please refer to the prospectus of the Company dated 30 September 2016.

During the six months ended 30 September 2021, 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 six months ended 30 September 2021, they and their respective associates have complied with the undertakings contained in the Deed of Non-Competition.

Corporate Governance and Other Information

Directors' Interest in Competing Business

Save and except for the interests of the Directors in the Company and its subsidiaries, during the six months ended 30 September 2021, none of the Directors had any interest in a business which competed or was likely to compete, directly or indirectly, with the Group's business.

Corporate Governance Code

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

In accordance with code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Kwok was appointed as the chairman of the Board on 11 November 2016 and the role and function of the chief executive of the Company is 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 six months ended 30 September 2021, the Company has complied with all the code provisions of the CG Code.

Compliance with Code of Conduct for Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by the Directors (the "Securities Code") on terms no less exacting than the Required Standard of Dealings. Following the specific enquiries made by the Company on the Directors, all Directors confirmed that they had complied with the Required Standard of Dealings and the Securities Code during the six months ended 30 September 2021.

Corporate Governance and Other Information

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 six months ended 30 September 2021 and thereafter up to the date of this report.

Disclosures under Rules 17.22 to 17.24 of the GEM Listing Rules

As at 30 September 2021, 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

Mr. Li Wing Sum Steven was appointed as an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee of Amasse Capital Holdings Limited (a company listed on GEM of the Stock Exchange with stock code 8168) with effect from 1 July 2021. Save as aforesaid, the Directors are not aware of any change in the information in respect of the Directors and chief executives required to be disclosed pursuant to Rule 17.50A of the GEM Listing Rules during the six months ended 30 September 2021.

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.

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.

Corporate Governance and Other Information

English Version Prevails

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

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

Hong Kong, 8 November 2021

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