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**ALLIED SUSTAINABILITY AND ENVIRONMENTAL CONSULTANTS GROUP LIMITED**  
**沛然環保顧問有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8320)**

**2021 THIRD QUARTERLY RESULTS ANNOUNCEMENT**

The board of directors (the “**Directors**” and the “**Board**”, respectively) of Allied Sustainability and Environmental Consultants Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) announces the unaudited third quarterly results of the Group for the nine months ended 31 December 2021. This announcement, containing the full text of the third quarterly report of the Company for the nine months ended 31 December 2021 (the “**2021 Third Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to the information to be disclosed in the preliminary announcement of third quarterly results. Printed version of the 2021 Third Quarterly Report containing the information required by the GEM Listing Rules will be despatched to the shareholders of the Company in due course.

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

Hong Kong, 7 February 2022

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

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

*This announcement will remain on the “Latest Listed Company Information” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at [www.asecg.com](http://www.asecg.com).*

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

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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

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



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## Financial Highlights

Revenue of the Company and its subsidiaries (the “Group”) for the nine months ended 31 December 2021 amounted to approximately HK\$33.7 million while gross profit of the Group for the same period amounted to approximately HK\$16.1 million.

The net profit after tax of the Group for the nine months ended 31 December 2021 amounted to approximately HK\$0.2 million, as compared with the net profit after tax of approximately HK\$2.0 million for the nine months ended 31 December 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 nine months ended 31 December 2021; and (iii) an increase in the provision of impairment for accounts receivable due to delay in the payments received from customers for the nine months ended 31 December 2021, partially offset by the increase in revenue for the nine months ended 31 December 2021. The other income and gains decreased from approximately HK\$3.3 million for the nine months ended 31 December 2020 to approximately HK\$0.3 million for the nine months ended 31 December 2021, which was mainly due to absence of government subsidies from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme during the nine months ended 31 December 2021.

The Board of Directors (the “Board”) has resolved not to declare the payment of any dividend for the nine months ended 31 December 2021 (nine months ended 31 December 2020: Nil).

# Unaudited Condensed Consolidated Financial Statements

The Board is pleased to announce the unaudited third quarterly condensed consolidated results of the Group for the nine months ended 31 December 2021, together with the relevant comparative unaudited 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 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the nine months ended 31 December 2021

	Notes	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>Revenue</b>	5	<b>12,745</b>	9,676	<b>33,650</b>	28,274
Cost of services provided		<b>(5,791)</b>	(4,333)	<b>(17,530)</b>	(13,766)
<b>Gross profit</b>		<b>6,954</b>	5,343	<b>16,120</b>	14,508
Other income and gains	6	<b>8</b>	1,511	<b>296</b>	3,259
Administrative expenses		<b>(5,443)</b>	(5,737)	<b>(15,386)</b>	(15,069)
Finance costs	7	<b>(92)</b>	(82)	<b>(327)</b>	(253)
Share of results of a joint venture		<b>(2)</b>	–	<b>(3)</b>	–
(Provision for)/net reversal of impairment on accounts receivable and contract assets		<b>(159)</b>	(360)	<b>(460)</b>	288
<b>Profit before income tax</b>	8	<b>1,266</b>	675	<b>240</b>	2,733
Income tax credit/(expense)	9	<b>63</b>	(205)	<b>(40)</b>	(690)
<b>Profit for the period</b>		<b>1,329</b>	470	<b>200</b>	2,043
<b>Profit for the period attributable to:</b>					
Owners of the Company		<b>1,351</b>	548	<b>280</b>	2,121
Non-controlling interests		<b>(22)</b>	(78)	<b>(80)</b>	(78)
		<b>1,329</b>	470	<b>200</b>	2,043

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

For the nine months ended 31 December 2021

	Notes	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>Other comprehensive (loss)/income</b>					
<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”)		–	(29)	<b>34</b>	99
– Gain on disposal of financial asset at FVOCI		–	–	<b>57</b>	–
<b>Other comprehensive (loss)/income for the period, net of income tax</b>		–	(29)	<b>91</b>	99
<b>Total comprehensive income for the period</b>		<b>1,329</b>	441	<b>291</b>	2,142
<b>Total comprehensive income/(loss) for the period attributable to:</b>					
Owners of the Company		<b>1,351</b>	519	<b>371</b>	2,220
Non-controlling interests		<b>(22)</b>	(78)	<b>(80)</b>	(78)
		<b>1,329</b>	441	<b>291</b>	2,142
<b>Earnings per share attributable to owners of the Company</b>			(Restated)		(Restated)
– Basic earnings per share (HK cents)	10	<b>0.20</b>	0.09	<b>0.04</b>	0.33
– Diluted earnings per share (HK cents)	10	<b>0.20</b>	0.09	<b>0.04</b>	0.33

# Unaudited Condensed Consolidated Statement of Changes in Equity

For the nine months ended 31 December 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 (Note)	Share award reserve* HK\$'000	Retained profits/(accumulated losses)* HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>At 1 April 2020 (audited)</b>	12,000	61,456	(2,534)	-	(4,411)	303	(2,368)	64,446	-	64,446
Profit/(loss) for the period	-	-	-	-	-	-	2,121	2,121	(78)	2,043
Other comprehensive income for the period:										
Change in fair value of equity investments designated at fair value through other comprehensive income	-	-	99	-	-	-	-	99	-	99
Total comprehensive income/(loss) for the period	-	-	99	-	-	-	2,121	2,220	(78)	2,142
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)	-	(251)	-	-	251	-	-	-	-	-
Equity-settled share-based payments	-	-	-	-	-	495	-	495	-	495
<b>At 31 December 2020 (unaudited)</b>	13,200	65,309	(2,435)	-	(4,227)	798	(247)	72,398	(78)	72,320
<b>At 1 April 2021 (audited)</b>	<b>14,030</b>	<b>68,795</b>	<b>(75)</b>	<b>211</b>	<b>(3,721)</b>	<b>270</b>	<b>(1,118)</b>	<b>78,392</b>	<b>76</b>	<b>78,468</b>
Profit/(loss) for the period	-	-	-	-	-	-	280	280	(80)	200
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 income/(loss) for the period	-	-	34	-	-	-	337	371	(80)	291
Equity-settled share-based payments	-	-	-	-	-	366	-	366	-	366
Lapsed shares	-	-	-	-	-	(39)	39	-	-	-
Ordinary shares to be issued upon vesting of share award	-	(496)	-	-	496	-	-	-	-	-
Release of revaluation reserve upon disposal of equity investments designated at fair value through other comprehensive income	-	-	41	-	-	-	(41)	-	-	-
<b>At 31 December 2021 (unaudited)</b>	<b>14,030</b>	<b>68,299</b>	<b>-</b>	<b>211</b>	<b>(3,225)</b>	<b>597</b>	<b>(783)</b>	<b>79,129</b>	<b>(4)</b>	<b>79,125</b>

\* These accounts comprise the unaudited condensed consolidated reserves of approximately HK\$65,099,000 (31 March 2021: HK\$64,362,000) in the unaudited 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.



# Notes to Unaudited Condensed Consolidated Financial Information

For the nine months ended 31 December 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 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 condensed consolidated financial statements of the Group for the nine months ended 31 December 2021 (the “Financial Information”) comprise the financial information of the Group should be read in conjunction with the audited annual financial statements for the year ended 31 March 2021. Except for the adoption of revised and new 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 the Unaudited Condensed Consolidated Financial Information

For the nine months ended 31 December 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 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 the Unaudited Condensed Consolidated Financial Information

For the nine months ended 31 December 2021

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> 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 the Unaudited Condensed Consolidated Financial Information

For the nine months ended 31 December 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 the Unaudited Condensed Consolidated Financial Information

For the nine months ended 31 December 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 historical experience and knowledge of the project management.

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

The Group uses provision matrix to measure 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 each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, accounts receivable and contract assets with significant balances and credit impaired are assessed for ECL individually. The provision of ECL is sensitive to changes in estimates.

### Impairment of non-financial assets

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

During the nine months ended 31 December 2021, no impairment loss on property, plant and equipment and intangible assets were recognised by the Group (nine months ended 31 December 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 the Unaudited Condensed Consolidated Financial Information

For the nine months ended 31 December 2021

## 5. Revenue

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.

	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
An analysis of the Group's revenue during the period is as follows:				
<b>Revenue from provision of</b>				
Green building certification consultancy	<b>6,997</b>	5,133	<b>16,528</b>	14,499
Sustainability and environmental consultancy	<b>2,296</b>	2,040	<b>7,509</b>	5,132
Acoustics, noise and vibration control and audio-visual design consultancy	<b>1,805</b>	1,793	<b>5,107</b>	6,332
ESG reporting and consultancy	<b>1,647</b>	710	<b>4,506</b>	2,311
	<b>12,745</b>	9,676	<b>33,650</b>	28,274

## Notes to the Unaudited Condensed Consolidated Financial Information

For the nine months ended 31 December 2021

### 6. Other Income and Gains

	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Bank interest income	4	6	12	35
COVID-19-related-rent concessions (Note(ii))	–	28	–	126
Government subsidies (Note(ii))	–	1,469	191	2,938
Sundry income	4	8	93	160
	<b>8</b>	1,511	<b>296</b>	3,259

Notes:

- (i) The government subsidies recognised for the period ended 31 December 2021 was subsidies from Green Employment Scheme under the Graduates Subsidy Programme as promulgated by the Government of Hong Kong. As at 31 December 2021, there are no unfulfilled conditions or other contingencies attached to these subsidies.

The government subsidies recognised for the period ended 31 December 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 Hong Kong.

- (ii) The Group was granted a rent concession in relation to COVID-19 for office premises during the nine months ended 31 December 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.

### 7. Finance Costs

	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Interest on a bank loans	64	35	189	90
Interest on lease liabilities	28	47	138	163
	<b>92</b>	82	<b>327</b>	253

## Notes to the Unaudited Condensed Consolidated Financial Information

For the nine months ended 31 December 2021

### 8. Profit before Income Tax

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

	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Amortisation of intangible assets	35	35	105	105
Depreciation of property, plant and equipment	197	198	582	585
Depreciation of right-of-use assets	999	969	2,991	2,906
Employee benefit expense: (including directors' emoluments)				
– Salaries, allowances and benefits in kind	6,044	5,453	16,847	16,058
– Discretionary bonuses	–	–	1,203	742
– Retirement benefit scheme contributions (defined contribution scheme)	234	211	691	618



## Notes to the Unaudited Condensed Consolidated Financial Information

For the nine months ended 31 December 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 (nine months ended 31 December 2020: Nil).

Under the two-tiered profits tax rates regime of the Hong Kong Profits Tax, the first HK\$2 million of assessable profits of qualifying group entity taxed at 8.25% during the period and the remaining assessable profits above HK\$2 million will be taxed at 16.5%. The profits of the Group entities not qualifying for the two-tiered profits tax rates regime (nine months ended 31 December 2020: 16.5%).

PRC Corporate Income Tax has been provided at the rate of 25% (nine months ended 31 December 2020: 25%) on the estimated assessable profits arising in the PRC for each of the reporting periods.

	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>Current – Hong Kong Profits Tax</b>				
Charge for the period	–	319	<b>104</b>	609
<b>Deferred tax</b>	<b>(63)</b>	(114)	<b>(64)</b>	81
Income tax (credit)/expense	<b>(63)</b>	205	<b>40</b>	690

## Notes to the Unaudited Condensed Consolidated Financial Information

For the nine months ended 31 December 2021

### 10. Earnings Per Share Attributable to Owners of the Company for the Period

#### (a) Basic earnings per share

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

	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Profit for the period attributable to owners of the Company used in calculation of basic earnings per share	<b>1,351</b>	548	<b>280</b>	2,121

	Unaudited Nine months ended 31 December	
	2021 Number of shares	2020 Number of shares (Restated)
<b>Weighted average number of ordinary shares:</b>		
Issued ordinary shares at the beginning of period	<b>688,526,666</b>	590,400,000
Net effect of shares issued	<b>381,022</b>	46,778,120
Weighted average number of ordinary shares for the purpose of the basic earnings per share (Note (b))	<b>688,907,688</b>	637,178,120

## Notes to the Unaudited Condensed Consolidated Financial Information

For the nine months ended 31 December 2021

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

#### (b) Diluted earnings per share

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

	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Profit for the period attributable to owners of the Company used in calculation diluted earnings per share	1,351	548	280	2,121

	Unaudited Nine months ended 31 December	
	2021 Number of shares	2020 Number of shares (Restated)
<b>Weighted average number of ordinary shares:</b>		
Weighted average number of ordinary shares for the purpose of the basic earnings per share	688,907,688	637,178,120
Adjustments for calculation of diluted earnings per share:		
Share award scheme	3,322,823	6,993,309
Adjusted weighted average number of ordinary shares for the purpose of the diluted earnings per share	692,230,511	644,171,429

# Notes to the Unaudited Condensed Consolidated Financial Information

For the nine months ended 31 December 2021

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

### (b) Diluted earnings per share (Continued)

The weighted average number of ordinary shares used to calculate the diluted earnings per share for the nine months ended 31 December 2020 has been adjusted to reflect the share consolidation which took effect on 10 March 2021. Accordingly, the diluted earnings per share for the nine months ended 31 December 2020 are restated.

As at 31 December 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 awards 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 nine months ended 31 December 2020.

The computation of diluted earnings per share during the nine months ended 31 December 2021 does not assume the exercise of the share awards 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 any dividend in respect of the nine months ended 31 December 2021 (nine months ended 31 December 2020: Nil).

## 12. Comparative Figures

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

## 13. Approval of the Unaudited Third Quarterly Condensed Consolidated Financial Statements

The unaudited third quarterly condensed consolidated financial statements for the nine months ended 31 December 2021 were approved and authorised for issue by the Board on 7 February 2022.

# Management Discussion and Analysis

## Industry Review

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

Meanwhile, the Buildings Energy Efficiency Ordinance (《建築物能源效益條例》) (Chapter 610 of the laws of Hong Kong) imposes mandatory control requirements on building development works in Hong Kong on building developers and owners. It indicates the importance of energy saving performance of both public and residential buildings and leads to 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 and central air conditioning or more than 10,000 square metres to achieve at least BEAM Plus Gold. The Hong Kong Housing Authority also requires public housing development to obtain BEAM Plus Gold award or above to distinct green housing design. According to the Residential Properties (First-hand Sales) Ordinance (《一手住宅物業銷售條例》) (Chapter 621 of the laws of Hong Kong), a BEAM Plus certification is required in order to obtain the concession on gross floor area for certain green and amenity features in development projects.

## Business Review

The Company principally provides (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 services through its subsidiaries. The four business segments contributed approximately 49.1%, 22.3%, 15.2% and 13.4% to the Group's overall revenue for the nine months ended 31 December 2021, respectively.

## Management Discussion and Analysis

### Green Building Certification Consultancy

This segment mainly provides environmental design and one-stop certification application services for developers and owners to enhance environmental performance and sustainability of their buildings. The Group provides professional consultancy services for its customers to meet global green building standards, including but not limited to Building Environmental Assessment Method (BEAM/BEAM Plus), Leadership in Energy and Environmental Design (LEED) and China Green Building Design Label (China GBL). As at 31 December 2021, the Group had 244 (as at 31 December 2020: 209) engagements with clients which were mainly property developers, contractors, architects, designers and government departments.

### Sustainability and Environmental Consultancy

This segment is mainly engaged in the provision of sustainable design solutions to architects for urban renewal, sustainable development and integrated planning. The solutions include but are not limited to providing environmental impact assessment, noise impact assessment, air quality impact assessment, air ventilation assessment, carbon/energy audit and built environmental study. As at 31 December 2021, the Group had 87 (as at 31 December 2020: 92) projects on hand which were mainly from property developers, contractors, architects, designers and government departments.

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

This segment provides services for architects and engineers to test and evaluate environmental performance of various materials and products for buildings. The services include but are not limited to architectural acoustics, building acoustics, mechanical service and airborne noise control, sound reinforcement and public address system, architectural and facade lighting system as well as theatre planning and stage equipment system. As at 31 December 2021, the Group had 88 (as at 31 December 2020: 75) projects on hand which were mainly from property developers, architects and designers.

### ESG Reporting and Consultancy

This segment provides consultancy services on ESG Reporting to companies listed on the Stock Exchange, which are required under the Listing Rules or the GEM Listing Rules to identify and disclose ESG issues and key performance indicators that are non-financial information but can reflect significant environmental and social impacts, and may 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 31 December 2021, the Group had 111 (as at 31 December 2020: 68) projects on hand across various industries.

## Management Discussion and Analysis

### 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. In 2020, 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. 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 increase the Group's business opportunity 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 it is expected that it 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, proper disclosure constitutes 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 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, while 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 the 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, the outbreak of 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 larger number of green and healthy building design and sustainability consulting projects, including the WELL Building Standard – creating more business opportunities for the Group, especially in the post-COVID green recovery era.

### Financial Review

#### Revenue

The total revenue of the Group increased from approximately HK\$28.3 million for the nine months ended 31 December 2020 to approximately HK\$33.7 million for the nine months ended 31 December 2021, representing an increase of approximately 19.0%. As at 31 December 2021, the Group had 530 projects on hand (as at 31 December 2020: 444 projects), the aggregate contract sum of which amounted to approximately HK\$206.2 million.

The revenue of green building certification consultancy increased by approximately 14.0% from approximately HK\$14.5 million for the nine months ended 31 December 2020 to approximately HK\$16.5 million for the nine months ended 31 December 2021. The increase in revenue was mainly driven by substantial progress in the contracted service work of our ongoing projects in this segment.

## Management Discussion and Analysis

### Financial Review (Continued)

#### Revenue (Continued)

The revenue of sustainability and environmental consultancy significantly increased by approximately 46.3% from approximately HK\$5.1 million for the nine months ended 31 December 2020 to approximately HK\$7.5 million for the nine months ended 31 December 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 19.3% from approximately HK\$6.3 million for the nine months ended 31 December 2020 to approximately HK\$5.1 million for the nine months ended 31 December 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 the outbreak of COVID-19.

The revenue of ESG reporting and consultancy soared by approximately 95.0% from approximately HK\$2.3 million for the nine months ended 31 December 2020 to approximately HK\$4.5 million for the nine months ended 31 December 2021, which was because we have been engaged to provide sustainability consultancy services of ESG reporting to more listed companies clients and there was an increase in the number of large scale projects awarded with higher contract value.

The table below sets forth the breakdown of the revenue by segment for each of the nine months ended 31 December 2020 and 2021:

	Unaudited					
	Nine months ended 31 December					
	2021		2020		Increase/(Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Green building certification consultancy	16,528	49.1	14,499	51.3	2,029	14.0
Sustainability and environmental consultancy	7,509	22.3	5,132	18.2	2,377	46.3
Acoustics, noise and vibration control and audio-visual design consultancy	5,107	15.2	6,332	22.4	(1,225)	(19.3)
ESG reporting and consultancy	4,506	13.4	2,311	8.1	2,195	95.0
Total	33,650	100.0	28,274	100.0	5,376	19.0

## Management Discussion and Analysis

### Financial Review (Continued)

#### Administrative Expenses

The Group's administrative expenses increased by approximately 2.1% from approximately HK\$15.1 million for the nine months ended 31 December 2020 to approximately HK\$15.4 million for the nine months ended 31 December 2021 because the Group granted certain one-off special bonus to reward and retain its employees.

#### Profit Attributable to the Owners of the Company

The profit attributable to the owners of the Company was approximately HK\$0.2 million for the nine months ended 31 December 2021 as compared to the profit of approximately HK\$2.0 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 nine months ended 31 December 2021; and (iii) an increase in the provision of impairment for accounts receivable due to delay in the payments received from customers for the nine months ended 31 December 2021, partially offset by the increase in revenue for the nine months ended 31 December 2021. The other income and gains decreased from approximately HK\$3.3 million for the nine months ended 31 December 2020 to approximately HK\$0.3 million for the nine months ended 31 December 2021, which was mainly due to absence of government subsidies from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme during the nine months ended 31 December 2021.

#### 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 during the nine months ended 31 December 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 nine months ended 31 December 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.

## Management Discussion and Analysis

### Financial Review (Continued)

#### Use of Proceeds (“UOP”) from the Listing

As at 31 December 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 utilized as follows:

Proposed use of Net Proceeds after the third change in UOP on 20 December 2019	Note	Adjusted planned use of Net Proceeds HK\$'000	Approximate percentage of total adjusted planned use of Net Proceeds	Actual use of Net Proceeds up to 31 December 2021 HK\$'000	Unused Net Proceeds up to 31 December 2021 HK\$'000	Approximate percentage of total remaining unutilised Net Proceeds up to 31 December 2021	Expected timeline for utilization 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 December 2022
Provide funding for the Group's working capital and other general corporate purposes		4,700	37.6%	4,700	-	-	-
<b>Total</b>		<b>12,500</b>	<b>100%</b>	<b>4,700</b>	<b>7,800</b>	<b>100%</b>	

Note 1: The Group entered into an equity transfer agreement 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. It is expected that the unused Net Proceeds will be utilised following the completion of the Acquisition which is expected to take place on or before 31 December 2022.

## Management Discussion and Analysis

### Significant Investments and Future Plans for Material Investments and Capital Assets

Saved as disclosed in this report, as at 31 December 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 December 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.

## Management Discussion and Analysis

### Material Acquisitions and Disposals of Subsidiaries, Associates or Joint Ventures (Continued)

#### 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 nine months ended 31 December 2021, the non-current prepayment paid to Sky Wealth was reclassified as financial assets at FVOCI.

#### Corporate Guarantee and Pledge of Assets

As at 31 December 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 31 December 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 31 December 2021 (as at 31 March 2021: Nil).

#### Capital Commitments

During the nine months ended 31 December 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.

## Management Discussion and Analysis

### Capital Commitments (Continued)

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 31 December 2021, the outstanding capital commitment of the Group amounted to approximately HK\$385,000. The Group is expected to fully contribute the outstanding capital commitment by 31 December 2022.

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 31 December 2021, the outstanding capital commitment of the Group amounted to approximately HK\$471,000. The Group is expected to fully contribute the outstanding capital commitment by 31 December 2022.

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 31 December 2021, the outstanding capital commitment of the Group amounted to HK\$394,000. The Group is expected to fully contribute the outstanding capital commitment by 31 December 2022.

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

### Financial Risk Management

Risk management is carried out by the Company's risk management committee pursuant to the policies approved by the Board. The finance department identifies, evaluates and hedges financial risks in close co-operation with the Group's various 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 nine months ended 31 December 2021 or subsisting as at 31 December 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 nine months ended 31 December 2021. As at 31 December 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 elevate their productivity and potentials.

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 31 December 2021, 11,268,334 issued shares of HK\$0.02 each were held by the trustee.

## Impact of the COVID-19 Pandemic

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.



## Corporate Governance and Other Information

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

As at 31 December 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 were taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required, pursuant to the 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")	Beneficial owner, interest of a controlled corporation and interest of spouse	368,330,799 (Note) (long position)	52.51%
Mr. Wu Dennis Pak Kit ("Mr. Wu")	Beneficial owner and interest of spouse	368,330,799 (Note) (long position)	52.51%

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) 3,508,333 Shares are held by Ms. Kwok as beneficial owner and (iii) 3,971,666 Shares are held by Mr. Wu as beneficial owner. Accordingly, Ms. Kwok is deemed to be interested in 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.

## Corporate Governance and Other Information

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

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 31 December 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 Rules 5.48 to 5.67 of the GEM Listing Rules.

## Corporate Governance and Other Information

### Substantial Shareholders' Interests and/or Short Positions in Shares and Underlying Shares

As far as the Directors are aware, as at 31 December 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 Shares held by City Beat.

Save as disclosed above, as at 31 December 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 nine months ended 31 December 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 Limited, Ms. Kwok and Mr. Wu (the “Controlling Shareholders”) entered into a deed of non-competition dated 23 September 2016 in favour of the Company, details of which were set out in the prospectus of the Company dated 30 September 2016 and the major term is that at any time the Controlling Shareholders are interested, directly or indirectly, in 30% or more of the Shares, they will not, and will procure their respective close associates (other than members of the Group) not to (1) directly or indirectly, either on their own account, in conjunction with, on behalf of or through any person, body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, participate, acquire or hold any right or interest, provide any support to, financial or otherwise, or otherwise be interested, involved or engaged in or concerned with any business that directly or indirectly competes with the Restricted Business (as defined below), or acquire or hold shares or interest (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any companies or business that compete directly or indirectly with the Restricted Business; and (2) engage, invest, participate or be interested (economically or otherwise) in any business involving the provision of consultancy services in respect of (i) green building certification consultancy; (ii) sustainability consultancy and environmental consultancy; (iii) acoustics, noise and vibration control and audio-visual design consultancy; and (iv) ESG reporting and consultancy (the “Restricted Business”), except where the Controlling Shareholders hold less than 5% of the total issued share capital of any company (whose shares are listed on the Stock Exchange or any other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of the Group.

During the nine months ended 31 December 2021, none of the Controlling Shareholders or their respective close associates (as defined under the GEM Listing Rules) had any business or interest in a business which competed or might compete with the business of the Group and any other conflict of interest with the Group.

## 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 nine months ended 31 December 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. During the nine months ended 31 December 2021, the Company's corporate governance practices were based on the principles and code provisions as set out in the Corporate Governance Code effective on or before 31 December 2021 contained in Appendix 15 to the GEM Listing Rules (the "CG Code").

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 the chairman of the Board on 11 November 2016 and the role and function of the chief executive of the Company have been de facto carried out by Ms. Kwok since then. The Board considers that such arrangement has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group.

Save as disclosed above, during the nine months ended 31 December 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 nine months ended 31 December 2021.

### 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 nine months ended 31 December 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 31 December 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.

## Corporate Governance and Other Information

### 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 the 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 nine months ended 31 December 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.

### 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, 7 February 2022

*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.*