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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)

CHANGE IN USE OF PROCEEDS

Reference is made to (i) the prospectus dated 30 September 2016 (the “**Prospectus**”) relating to the listing (the “**Listing**”) of the shares of Allied Sustainability and Environmental Consultants Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) on GEM of The Stock Exchange of Hong Kong Limited and (ii) the announcements of the Company dated 9 August 2018, 25 March 2019 and 20 December 2019 (the “**First, Second and Third Change in UOP Announcements**”) in relation to the subsequent changes in use of proceeds (the “**First, Second and Third Change in UOP**”). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to announce that on 16 March 2022, it has resolved to further change the allocation of the use of proceeds from the Placing (the “**Fourth Change in UOP**”) in the manner as more particularly set out in this announcement.

CHANGE IN USE OF PROCEEDS

The net proceeds from the Listing (the “**Net Proceeds**”) after deducting the underwriting fees, the Stock Exchange trading fee and transaction levy charged by the Securities and Futures Commission for the new shares and estimated listing expenses in connection with the Placing, were approximately HK\$33.4 million.

As disclosed in the First, Second and Third Change in the UOP Announcements, on 9 August 2018, 25 March 2019 and 20 December 2019, the Board resolved to change the proposed use of part of the Net Proceeds. As at the date of this announcement, the Company has an unutilised portion of the Net Proceeds of approximately HK\$7.8 million.

Details of the Fourth Change in UOP are set out as follows:

Original proposed use of Net Proceeds as disclosed in the Prospectus	Use of Proceeds (as revised by the Third Change in UOP) <i>HK\$'000</i>	Unused Net Proceeds up to 16 March 2022 (before the Fourth Change in UOP) <i>HK\$'000</i>	Revised allocation of unused Net Proceeds (the Fourth Change in UOP)	Revised allocation of unused Net Proceeds after Fourth Change in UOP <i>HK\$'000</i>	Reasons for the revised use and allocation of Net Proceeds (the Fourth Change in UOP)	Expected timeline for utilization of the remaining Net Proceeds
Expand into the PRC market through acquisitions or establishment of subsidiaries	7,800	7,800	Expand an existing PRC subsidiary for PRC expansion together with local partners	3,300	The revised use of proceeds is to better reflect the Company's current direction of expansion. The allocation of proceeds is adjusted because the COVID-19 situation is still evolving rapidly and there remains a substantial uncertainty of the global outbreak. Hence, the Company tends to focus on expansion in existing PRC subsidiary with direct control from headquarters in Hong Kong rather than acquisition or establishment of a new subsidiary to promptly react to potential uncertainty and to effectively align with the Company's PRC expansion strategy.	On or before 30 April 2022
			Invest in diversified portfolio of investments products proposed by responsible investment committee	2,800	The Board is of the view that responsible investment as an investment approach that takes into account the impact of various environmental, social and governance, sustainability, climate resilience, biodiversity and Carbon Neutrality factors on the long-term investment returns and their respective positive impacts.	Approximately HK\$1.5 million to be utilized on or before 31 March 2022
					The Company believes that, by putting an appropriate emphasis on responsible investment, it can improve risk management, enhance long-term financial return and contribute positive societal change. The re-allocation of the unutilised net proceeds could deploy its financial resources more effectively to enhance the financial performance of the Group and therefore is in the interests of the Company.	Approximately HK\$1.3 million to be utilized on or before 30 April 2022

Original proposed use of Net Proceeds as disclosed in the Prospectus	Use of Proceeds (as revised by the Third Change in UOP) HK\$'000	Unused Net Proceeds up to 16 March 2022 (before the Fourth Change in UOP) HK\$'000	Revised allocation of unused Net Proceeds (the Fourth Change in UOP)	Revised allocation of unused Net Proceeds after Fourth Change in UOP HK\$'000	Reasons for the revised use and allocation of Net Proceeds (the Fourth Change in UOP)	Expected timeline for utilization of the remaining Net Proceeds
Provide funding for the Group's working capital and other general corporate purposes	4,700	–	Transferred from the original purpose of expanding into the PRC market through acquisitions or establishment of subsidiaries	1,700	The Board is of the view that the unutilised net proceeds in the sum of approximately HK\$1.7 million originally allocated for expansion into the PRC market through acquisitions or establishment of subsidiaries shall now be better utilised to meet the current needs on daily operation of the Group. The re-allocation of the unutilised net proceeds could provide a better allocation of cash resources and strategic planning on working capital allocation. The proposed change is in line with the business strategy of the Group and will meet the financial needs of the Group more efficiently. It will also enhance the flexibility in the financial management of the Group.	On or before 31 March 2022
Total	<u>12,500</u>	<u>7,800</u>		<u>7,800</u>		

BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The Board constantly evaluates the trends of environmental consultancy, the ESG consultancy industry and the global economic condition to determine the most efficient and effective way to deploy the Group's resources. The revised use and allocation of Net Proceeds can better reflect the Company's current direction. The Board believes that some of the Net Proceeds may not be fully utilized as originally planned and such portion of the Net Proceeds has now become idle financial resources of the Group. The Fourth Change in UOP enables the Group to re-allocate those idle financial resources in order to utilise them based on the actual current operation of the Group and the actual current market circumstances.

As at the date of this announcement, the Board confirms that there are no material changes in the nature of business of the Group as set out in the Prospectus. The Board considers that the above adjustment to the use of proceeds will more effectively cater for the Group's financial and business needs and is in the best interests of the Company and its shareholders as a whole.

Save as the aforesaid, there is no other change of use in the proceeds as disclosed in the Prospectus and the First, Second and Third Change in the UOP Announcements.

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

Hong Kong, 16 March 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 GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the Company's website at www.asecg.com.