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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 and 25 March 2019 (the “**First and Second Change in UOP Announcements**”) in relation to the subsequent changes in use of proceeds (the “**First and Second 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 20 December 2019, it has resolved to further change the allocation of the use of proceeds from the Placing (the “**Third 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 and Second Change in the UOP Announcements, on 9 August 2018 and 25 March 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\$12.5 million.

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

Proposed use of Net Proceeds as disclosed in the Prospectus	Use of Proceeds (as revised by the Second Change in UOP) <i>HK\$'000</i>	Unused Net Proceeds up to 20 December 2019 (before the Third Change in UOP) <i>HK\$'000</i>	Revised allocation of unused Net Proceeds (the Third Change in UOP)	Revised allocation of unused Net Proceeds after Third Change in UOP <i>HK\$'000</i>	Reasons for the revised use and allocation of Net Proceeds (the Third Change in UOP)
Expand into the PRC market through acquisitions or establishment of subsidiaries	12,500	12,500	Acquisitions and development of subsidiaries in the PRC for green building certification and environmental consultancy services for which the target company has operations in both Northern and Southern China.	7,800	The revised use of proceeds is to better reflect the Company's current direction of expansion. The allocation of proceeds is adjusted downward because the valuation of target company was less than expected and upon negotiations with the counterparties, it was agreed that less equity interest will be acquired under the revised capital injection and equity transfer agreement signed in relation to an acquisition of 35% equity interest of a target company, the fund needed are expected not to exceed in approximately of HK\$7.8 million.
Acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business	3,000	–		–	
Further expand and develop the Group's services to ESG and further strengthen and expand the Group's in-house team of professional staff	2,176	–		–	

Proposed use of Net Proceeds as disclosed in the Prospectus	Use of Proceeds (as revised by the Second Change in UOP) <i>HK\$'000</i>	Unused Net Proceeds up to 20 December 2019 (before the Third Change in UOP) <i>HK\$'000</i>	Revised allocation of unused Net Proceeds (the Third Change in UOP)	Revised allocation of unused Net Proceeds after Third Change in UOP <i>HK\$'000</i>	Reasons for the revised use and allocation of Net Proceeds (the Third Change in UOP)
Provide funding for the Group's working capital and other general corporate purposes	1,868	–	Transferred from the original purpose of expanding into the PRC market through acquisitions or establishment of subsidiaries.	4,700	The Board is of the view that the unutilised net proceeds in approximately of HK\$4.7 million originally allocated to expand into the PRC market through acquisitions or establishment of subsidiaries shall now be better utilised to meet the current needs on financial activities of the Group. The re-allocation of the unutilised net proceeds could provide a better allocation of cash resources and strategic planning on working capital allocation and future investment opportunities. The proposed change is in line with the business strategy of the Group and will meet the financial needs of the Group more efficiently. It will also enhance the flexibility in the financial management of the Company.
Total	<u>19,544</u>	<u>12,500</u>		<u>12,500</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 policy to deploy the Group's resources. The revised use and allocation of Net Proceeds can better reflect the Company's current direction and current status of negotiation for potential acquisition targets. 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 Third 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 aforesaid, there is no other change of use in the proceeds as disclosed in the Prospectus and the First and Second 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, 20 December 2019

As at the date of this announcement, the executive Director is Ms. Kwok May Han Grace (Chairman); the non-executive Director is Mr. Wu Dennis Pak Kit; 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 Company Announcements" 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.