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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 announcement of the Company dated 9 August 2018 (the “**First Change in UOP Announcement**”) in relation to the subsequent change use of proceeds (the “**First 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 25 March 2019, it has resolved to further change the allocation of the use of proceeds from the Placing (the “**Second 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 Change in UOP Announcement, on 9 August 2018, the Board resolved to change the proposed use of part of the Net Proceeds. As at the date of this announcement, the Company has unutilised a portion of the Net Proceeds of approximately HK\$19.5 million.

Details of the **Second 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 First Change in UOP) <i>HK\$'000</i>	Unused Net Proceeds up to 28 February 2019 (before Second Change in UOP) <i>HK\$'000</i>	Revised allocation of unused Net Proceeds (the Second Change in UOP)	Revised allocation of unused Net Proceeds after Second Change in UOP <i>HK\$'000</i>	Reasons for the revised use and allocation of Net Proceeds (the Second Change in UOP)
Expand into the PRC market through acquisition or establishment of subsidiaries	13,313	13,268	Acquisition and development of subsidiaries in the PRC for Green building certification and Environmental Consultancy services which the target company has operations in both Northern and Southern China.	12,500	The revised use of proceeds is to better reflect the Company's current direction of expansion. The allocation of proceeds is adjusted downward because under the recent preliminary term sheet signed in relation to an acquisition of a target company, the funding needs are not expected to exceed HK\$12.5 million.
Acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business	5,800	5,800	Acquisition and development of subsidiaries or associate companies in Hong Kong for ESG Consultancy services business.	3,000	The Company cannot locate a suitable acquisition target for acoustics and lighting business. Alternatively, the Company has setup its own subsidiary for development of lighting business. Due to outstanding growth of environmental, social and governance ("ESG") consultancy services business in the last 2 years, the Company would like to further expand the ESG business and has entered into a memorandum in relation to the subscription of shares in a target company which provides ESG and sustainability consultancy services in Asia and HK\$3.0 million of the subscription is expected to be funded by the Net Proceeds.

<b>Proposed use of Net Proceeds as disclosed in the Prospectus</b>	<b>Use of Proceeds (as revised by the First Change in UOP)</b> <i>HK\$'000</i>	<b>Unused Net Proceeds up to 28 February 2019 (before Second Change in UOP)</b> <i>HK\$'000</i>	<b>Revised allocation of unused Net Proceeds (the Second Change in UOP)</b>	<b>Revised allocation of unused Net Proceeds after Second Change in UOP</b> <i>HK\$'000</i>	<b>Reasons for the revised use and allocation of Net Proceeds (the Second Change in UOP)</b>
Further expand and develop the Group's services to ESG and further strengthen and expand the Group's in-house team of professional staff	3,634	476	Transferred from the original purpose of acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business	2,176	The extra amount of HK\$1.7 million (available from the reduced amount of HK\$3.0 million used in acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business) is applied towards the Group's further expansion of ESG Consultancy service since the Company anticipates that it is unlikely to identify another suitable acquisition target in the near future.
Provide funding for the Group's working capital and other general corporate purposes	879	–	Transferred from the original purpose of acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business and expand into the PRC market through acquisition or establishment of subsidiaries	1,868	This extra amount of approximately HK\$1.0 million is available from the reduced amount of HK\$3.0 million used in acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business and the reduced amount of HK\$12.5 million for proposed use of expanding into the PRC market through acquisition or establishment of subsidiaries since the Company anticipates that it is unlikely to identify another suitable acquisition target in the near future.
<b>Total</b>	<u>23,626</u>	<u>19,544</u>		<u>19,544</u>	

## **BENEFITS OF THE CHANGE IN USE OF PROCEEDS**

The Board constantly evaluates the trends of environmental consultancy and ESG consultancy industry and the global economic condition to determine the most efficient and effective method to deploy the Group's resources. The revised use and allocation of Net Proceeds reflect the Company's current direction and status of negotiation of 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 Second Change in UOP enables the Group to re-allocate those idle financial resources to the best use based on the actual operation of the Group and the actual 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 Change in UOP Announcement.

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

Hong Kong, 25 March 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 and Mr. Li Wing Sum Steven.*

*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](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).*