



# 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



# 2016

## INTERIM REPORT



INTERIM  
REPORT



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*This report, for which the directors (the "Directors") of Allied Sustainability and Environmental Consultants Group Limited (the "Company") 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 Group for the six months ended 30 September 2016 amounted to approximately HK\$16.8 million while gross profit of the Group for the same period amounted to approximately HK\$8.8 million.

The net loss after tax of the Group for the six months ended 30 September 2016 amounted to approximately HK\$9.1 million, mainly due to the listing expenses of approximately HK\$12.5 million incurred by the Company during the period.

The board of directors (the "Board") has resolved not to declare the payment of any interim dividend for the six months ended 30 September 2016.



# UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS

The Board is pleased to announce the unaudited interim consolidated results of the Company and its subsidiaries (the "Group") for the six months and three months ended 30 September 2016, together with the comparative figures for the corresponding period in 2015, which have not been reviewed by the auditor but have been reviewed and approved by the audit committee of the Company (the "Audit Committee"), as follows:

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2016

	Note	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Revenue	5	8,722	7,248	16,815	14,442
Cost of services provided		(4,462)	(3,398)	(8,057)	(6,259)
Gross profit		4,260	3,850	8,758	8,183
Other income and gains		–	–	–	560
Administrative expenses		(8,764)	(3,283)	(17,156)	(5,990)
Finance costs	6	(2)	(2)	(8)	(6)
(Loss)/Profit before tax	7	(4,506)	565	(8,406)	2,747
Income tax expenses	8	(208)	(353)	(699)	(862)
(Loss)/Profit and total comprehensive income for the period		(4,714)	212	(9,105)	1,885
Dividends	10	–	–	(2,800)	–
(Loss)/Profit for the period		(4,714)	212	(9,105)	1,885
Other comprehensive income for the period, net of tax		–	–	–	–
Total comprehensive (loss)/income for the period attributable to owners of the Company		(4,714)	212	(9,105)	1,885

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	Note	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	11	450	250
<b>Current assets</b>			
Contract assets		22,022	17,398
Accounts receivable	12	10,959	9,420
Prepayments, deposits and other receivables		4,579	4,485
Cash and cash equivalents		6,729	18,843
<b>Total current assets</b>		<b>44,289</b>	50,146
<b>Current liabilities</b>			
Accounts payable	13	1,275	309
Other payables and accruals		6,421	1,803
Contract liabilities		641	676
Current tax payable		4,464	3,800
<b>Total current liabilities</b>		<b>12,801</b>	6,588
<b>Net current assets</b>		<b>31,488</b>	43,558
<b>Total assets less current liabilities</b>		<b>31,938</b>	43,808
<b>Non-current liabilities</b>			
Deferred tax liabilities		50	15
<b>Net assets</b>		<b>31,888</b>	43,793
<b>Equity</b>			
Issued capital	14	–	424
Reserves		31,888	43,369
<b>Total equity</b>		<b>31,888</b>	43,793



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Issued capital HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 April 2015	388	10,610	16,497	27,495
Profit and total comprehensive income for the period	-	-	1,885	1,885
Capital contribution from shareholders of AEC Group Limited ("AEC BVI")	36	10,814	-	10,850
At 30 September 2015	424	21,424	18,382	40,230

At 1 April 2016	424	21,424	21,945	43,793
Loss and total comprehensive income for the period	-	-	(9,105)	(9,105)
Arising from group reorganisation	(424)	424	-	-
Dividends	-	-	(2,800)	(2,800)
<b>At 30 September 2016</b>	<b>-</b>	<b>21,848</b>	<b>10,040</b>	<b>31,888</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016

	Unaudited Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Cash flows (used in)/from operating activities		
(Loss)/Profit before tax	(8,406)	2,747
Adjustments for:		
Finance costs	8	6
Depreciation	96	111
Gain on disposal of items of property, plant and equipment	–	(560)
	<b>(8,302)</b>	2,304
Increase in contract assets	(4,624)	(5,839)
(Increase)/decrease in accounts receivable	(1,539)	3,218
Increase in prepayments, deposits and other receivables	(94)	(519)
Increase in accounts payable	966	131
Increase/(decrease) in other payables and accruals	3,947	(2,310)
Decrease in contract liabilities	(35)	(884)
Cash used in operations	<b>(9,681)</b>	(3,899)
Interest paid	(8)	(6)
Net cash used in operating activities	<b>(9,689)</b>	(3,905)
Cash flows used in investing activities		
Additions of items of property, plant and equipment	(296)	(84)
Direct attributable expenses paid for disposal of property, plant and equipment	–	(22)
Net cash used in investing activities	<b>(296)</b>	(106)





# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2016

	Unaudited Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Cash flows (used in)/from financing activities		
Repayment of interest-bearing bank loan	–	(74)
Payment of expenses relating to placing of shares	<b>(2,129)</b>	(445)
Capital contributions by shareholders of AEC BVI	–	10,850
Net cash (used in)/from financing activities	<b>(2,129)</b>	10,331
Net (decrease)/increase in cash and cash equivalents	<b>(12,114)</b>	6,320
Cash and cash equivalents at beginning of period	<b>18,843</b>	12,959
Cash and cash equivalents at end of period	<b>6,729</b>	19,279
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<b>6,729</b>	19,279

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 September 2016

## 1. Corporation Information, Reorganisation and Basis of Presentation

### (a) General information

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 is an investment holding company. During the six months ended 30 September 2016 (the "Reporting Period"), 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 mainland of the People's Republic of China ("Mainland China" or the "PRC").

The Company was listed on GEM on 17 October 2016 (the "Listing Date").

This interim condensed consolidated financial information is presented in thousands of Hong Kong dollars ("HK\$'000"), unless otherwise stated.

### (b) Basis of Presentation

The condensed consolidated financial statements of the Group for the six months ended 30 September 2016 (the "Financial Information") comprises the Company and its subsidiaries (the "Group").

The Company was incorporated in the Cayman Islands on 11 November 2015. On 22 September 2016, as part of the reorganisation set out in the section "History, development and reorganisation" (the "Reorganisation") in the prospectus of the Company dated 30 September 2016. ("the Prospectus"), the entire issued share capital of AEC Group Limited ("AEC BVI") was transferred to the Company in consideration for an issue of the Company's shares to the equity shareholders of AEC BVI (the "Share Transfer"). Upon the completion of the Share Transfer, the Company became the parent company of AEC BVI and its subsidiaries and the holding company of the Group.

AEC BVI was incorporated in the British Virgin Islands (the "BVI") on 30 January 2015. On 24 March 2015, the then shareholders of Allied Environmental Consultants Limited ("AEC Hong Kong") transferred their shares in AEC Hong Kong to AEC BVI in return for an issue of AEC BVI's shares (the "AEC BVI Share Transfer"). Upon the completion of the AEC BVI Share Transfer, AEC BVI became the immediate holding company of AEC Hong Kong.

The companies that took part in the Share Transfer were controlled by the same group of ultimate equity shareholders before and after the Share Transfer and there were no changes in the business and operations of AEC BVI and its subsidiaries. The Share Transfer only involved incorporating the Company with no prior substantive operations as the holding company of AEC BVI and the Group. Accordingly, the Share Transfer has been accounted for using a principle similar to that for a reverse acquisition with AEC BVI being treated as the acquirer for accounting purposes. The same basis applies to the AEC BVI Share Transfer, with the AEC BVI Share Transfer accounted for using a principle similar to that for a reverse acquisition with AEC Hong Kong being treated as the acquirer for accounting purposes. The Financial Information has been prepared and presented as a continuation of the consolidated financial statements of AEC BVI and its subsidiaries, with the assets and liabilities of the Group being recognised and measured at their historical carrying amounts prior to the Share Transfer, and as if the group structure upon completion of the Share Transfer had been in existence since 1 April 2014 and throughout the entire Reporting Period.

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



# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2016

## 1. Corporation Information, Reorganisation and Basis of Presentation (Continued)

### (b) Basis of Presentation (Continued)

On 22 September 2016, the companies now comprising the Group completed the Reorganisation in preparation for the listing of the Company's shares on the Stock Exchange by each of the shareholders of AEC BVI transferred all their respective shares in AEC BVI to the Company.

## 2. Basis of Preparation

This condensed consolidated interim financial information for the six months ended 30 September 2016 has been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 'Interim financial reporting'.

In the six months ended 30 September 2016, the Group has applied, for the first time, new amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the accounting period beginning on or after 1 April 2016.

The application of the new amendments to HKFRSs in the six months ended 30 September 2016 has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group early adopted HKFRS 15 with a date of initial application of 1 April 2014. The Group's accounting policies with respect to revenue recognition are set out in note 4 in the accountants' report for inclusion in the Prospectus.

HKFRS 15 establishes a new five-step model that applies to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2016

## 3. Accounting Policies

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2016 are the same as those followed in the preparation of the Financial Information of the Group for two years ended 31 March 2016 included in accountants' report for inclusion in the Prospectus.

## 4. Significant Accounting Estimates

The preparation of the Financial Information requires 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 could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

### Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation 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

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 contract 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.

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

#### Estimated recoverability of accounts receivable

The Group's management determines the impairment provision for accounts receivable based on an assessment of the recoverability of the accounts receivable. This assessment is based on the credit history of its customers and other debtors as well as the current market condition, and requires the use of judgements and estimates. Management reassesses the provision at the end of each reporting period.



# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2016

## 5. Segment Information

For management purposes, the Group is divided into different 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 audio-visual systems; and
- (d) ESG reporting and consultancy segment involves ESG reporting and consultancy.

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

# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2016

## 5. Segment Information (Continued)

Six months ended 30 September 2015

	Green building certification consultancy HK\$'000	Sustainability and environmental consultancy HK\$'000	Acoustics, noise and vibration control and audio-visual design consultancy HK\$'000	ESG reporting and consultancy HK\$'000	Total HK\$'000
<b>Segment revenue:</b>					
<i>Revenue</i>					
Hong Kong	8,513	3,140	1,160	–	12,813
Mainland China	154	20	1,070	–	1,244
Macau	136	13	236	–	385
<b>Total revenue</b>	<b>8,803</b>	<b>3,173</b>	<b>2,466</b>	<b>–</b>	<b>14,442</b>
<b>Segment results</b>	<b>5,245</b>	<b>1,652</b>	<b>1,286</b>	<b>–</b>	<b>8,183</b>
<i>Reconciliation</i>					
Unallocated income					560
<i>Unallocated expenses:</i>					
– Listing expenses					(2,619)
– Others					(3,371)
Finance costs					(6)
<b>Profit before tax</b>					<b>2,747</b>
<i>Other segment information</i>					
<i>Unallocated:</i>					
– Depreciation					111
– Capital expenditure*					84

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



# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2016

## 5. Segment Information (Continued)

Six months ended 30 September 2016

	Green building certification consultancy HK\$'000	Sustainability and environmental consultancy HK\$'000	Acoustics, noise and vibration control and audio-visual design consultancy HK\$'000	ESG reporting and consultancy HK\$'000	Total HK\$'000
Segment revenue:					
Revenue					
Hong Kong	9,679	3,060	1,598	1,212	15,549
Mainland China	274	84	367	-	725
Macau	77	377	87	-	541
<b>Total revenue</b>	<b>10,030</b>	<b>3,521</b>	<b>2,052</b>	<b>1,212</b>	<b>16,815</b>
<b>Segment results</b>	<b>5,410</b>	<b>1,930</b>	<b>740</b>	<b>678</b>	<b>8,758</b>
Reconciliation					
Unallocated income					-
Unallocated expenses:					
- Listing expenses					(12,524)
- Others					(4,632)
Finance costs					(8)
Loss before tax					(8,406)
Other segment information					
Impairment of accounts receivable					
Unallocated:					
- Depreciation					96
- Capital expenditure*					296

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

### Geographical information

The geographical information above is based on the locations of the customers.

# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2016

## 6. Finance Costs

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Interest on a bank loan and bank overdrafts	2	2	8	6

## 7. (Loss)/Profit Before Tax

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

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Depreciation	56	56	96	111
Employee benefit expense: (including director's remuneration)				
– Wages and salaries	3,704	2,394	7,193	4,787
– Pension scheme contributions (defined contribution scheme)	149	114	281	240
	3,909	2,564	7,570	5,138
Minimum lease payments under operating leases for land and buildings	598	491	1,237	1,070
Gain on disposal of items of property, plant and equipment	–	–	–	(560)





# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2016

## 8. Income Tax

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. Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for each of the Reporting Period. PRC Corporate Income Tax ("CIT") has been provided at the rate of 25% on the estimated assessable profits arising in the PRC for each of the Reporting Period.

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
<b>Current – Hong Kong</b>				
Charge for the period	169	339	644	824
<b>Current – PRC</b>				
Charge for the period	8	30	20	54
<b>Deferred tax</b>				
	31	(16)	35	(16)
<b>Total tax charge for the period</b>	<b>208</b>	<b>353</b>	<b>699</b>	<b>862</b>

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

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Reporting Period on the basis as disclosed in note 1(b) above.

## 10. Dividends

On 13 June 2016, AEC BVI declared a dividend of HK\$2,800,000 to its shareholders.

The Board has resolved not to declare the payment of any dividend in respect of the six months ended 30 September 2016.

# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2016

## 11. Property, Plant and Equipment

	Land and building HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>30 September 2015</b>				
At 1 April 2015:				
Cost	500	2,232	1,129	3,861
Accumulated depreciation	(180)	(2,024)	(1,046)	(3,250)
Net carrying amount	320	208	83	611
At 1 April 2015, net of accumulated depreciation	320	208	83	611
Additions	–	84	–	84
Disposal	(318)	–	–	(318)
Depreciation provided during the period	(2)	(68)	(41)	(111)
At 30 September 2015, net of accumulated depreciation	–	224	42	266
At 30 September 2015:				
Cost	–	2,316	1,129	3,445
Accumulated depreciation	–	(2,092)	(1,087)	(3,179)
Net carrying amount	–	224	42	266



# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2016

## 11. Property, Plant and Equipment (Continued)

	Land and building HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>30 September 2016</b>				
At 1 April 2016:				
Cost	–	2,431	1,129	3,560
Accumulated depreciation	–	(2,181)	(1,129)	(3,310)
Net carrying amount	–	250	–	250
At 1 April 2016, net of accumulated depreciation	–	250	–	250
Additions	–	296	–	296
Depreciation provided during the period	–	(96)	–	(96)
At 30 September 2016, net of accumulated depreciation	–	450	–	450
At 30 September 2016:				
Cost	–	2,727	1,129	3,856
Accumulated depreciation	–	(2,277)	(1,129)	(3,406)
Net carrying amount	–	450	–	450

# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2016

## 12. Accounts Receivable

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
Accounts receivable	12,393	10,854
Impairment	(1,434)	(1,434)
	<b>10,959</b>	<b>9,420</b>

Accounts receivable represent receivables for contract works. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

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

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
Within 1 month	2,089	2,119
Over 1 month but less than 6 months	5,093	4,047
Over 6 months but less than 12 months	1,620	2,042
Over 12 months but less than 24 months	1,856	1,068
Over 24 months	301	144
	<b>10,959</b>	<b>9,420</b>



# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2016

## 12. Accounts Receivable (Continued)

The movements in provision for impairment of accounts receivable are as follows:

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
At the beginning of the period/year	1,434	1,127
Impairment losses recognised	–	567
Write-back of impairment	–	(260)
	<b>1,434</b>	<b>1,434</b>

The individually impaired accounts receivable relate to customers that were in financial difficulties or were in default in payments and only a portion of the receivables is expected to be recovered.

The ageing analysis of the accounts receivable that are not individually nor collectively considered to be impaired is as follows:

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
Neither past due nor impaired	2,089	1,076
Less than 1 month past due	1,895	1,908
1 to 3 months past due	1,733	1,724
4 to 6 months past due	1,825	1,545
Over 6 months past due	3,417	3,167
	<b>10,959</b>	<b>9,420</b>

# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2016

## 13. Accounts Payable

An ageing analysis of the accounts payable as at the end of each of the Reporting Period, based on the invoice dates, is as follows:

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
Within 1 month	1,156	163
Over 1 month but less than 3 months	–	35
Over 3 months but less than 6 months	–	–
Over 6 months	119	111
	1,275	309

Accounts payable are non-interest-bearing and are normally settled within 30 days.

## 14. Share Capital

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 11 November 2015 with authorised share capital of HK\$100,000 divided into 10,000,000 ordinary shares of HK\$0.01 each. On the date of incorporation, one ordinary share was allotted and issued by the Company to the initial subscriber as nil paid.

The issued share capital in the combined statements of financial position at 1 April 2014 represented issued and fully paid shares of AEC Hong Kong.

On 30 January 2015, AEC BVI was incorporated in the BVI with an authorised share capital of United States Dollar ("US\$") 50,000 divided into 50,000 shares of US\$1 each and issued 1,000 shares at par value. On 24 March 2015, AEC BVI issued 11,240 shares in return for the transfer of all shares of AEC Hong Kong held by its then shareholders. Since then, the share capital in the combined statements of financial position represented the paid-in capital of AEC BVI.

On 31 March 2015, AEC BVI issued 37,760 shares at a consideration of HK\$10,988,000.

On 25 August 2015, AEC BVI issued 4,756 shares at a consideration of US\$1,400,000, equivalent to HK\$10,850,000.

On 22 September 2016, the companies now comprising the Group completed the Reorganisation in preparation for the listing of the Company's shares on the Stock Exchange. The Company issued 9,999 shares of HK\$0.01 each to the shareholders of AEC BVI, which amounted to HK\$99.99 in consideration for all their respective equity interests in AEC BVI.



# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 September 2016

## 15. Operating Lease Arrangements

The Group leases its office properties under operating lease arrangements. The leases typically run for an initial period of one to four years.

At the end of each of the Reporting Period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
Within one year	2,085	1,103
In the second to fifth year, inclusive	102	385
	2,187	1,488

## 16. Events After the Reporting Period

The issued shares of the Company were listed on GEM by way of placing on 17 October 2016. On the same date, 995,990,000 of the Company's new shares were issued through capitalisation of HK\$9,959,900 standing to the credit of share premium account of the Company. Also, 204,000,000 shares of the Company were issued at a placing price of HK\$0.28 per share.

## 17. Approval of the Interim Financial Information

The financial statements were approved and authorised for issue by the Board on 11 November 2016.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review By Segment

The Company is an environmental consulting company specialised in providing (i) green building certification consultancy; (ii) sustainability and environmental consultancy; (iii) acoustics, noise and vibration control and audio-visual design consultancy; and (iv) ESG reporting and consultancy. The Group derives the majority of its revenue from green building certification consultancy, and sustainability and environmental consultancy.

The continuous revenue growth of the Group is benefited from the increasing demand for green building certification consultancy and sustainability and environmental consultancy with its metropolisation and surging population. The Environmental Protection Department of Hong Kong, along with other related government departments, have implemented various laws regulating environment issues, such as the Environmental Impact Assessment Ordinance (Chapter 499 of the laws of Hong Kong) which made environmental impact assessment report a necessity before the construction and operation of various types of designated projects. Moreover, environmental assessment usually forms part of planning application under the Town Planning Ordinance (Chapter 131 of the laws of Hong Kong) or is required as one of the conditions of development projects.

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 required for building development works in Hong Kong on building developers and owners. It points out 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 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 The Energy Saving Plan (《香港都市節能藍圖》) to cap the energy consumption of buildings and forms the basis of general development schemes or reports related to the energy saving strategy in Hong Kong. It imposes a mandatory requirement on new government buildings with construction floor area of more than 5,000 square meters with central air-conditioning or more than 10,000 square meters to achieve at least BEAM Plus Gold. The 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.





## Management Discussion and Analysis

The total revenue of the Group increased from approximately HK\$14.4 million for the six months ended 30 September 2015 to approximately HK\$16.8 million for the six months ended 30 September 2016, representing an increase of approximately 16.4%. The revenue of green building certification increased by 13.9% from approximately HK\$8.8 million for the six months ended 30 September 2015 to approximately HK\$10.0 million for the six months ended 30 September 2016. The revenue of sustainability and environmental consultancy increased by 11.0% from approximately HK\$3.2 million for the six months ended 30 September 2015 to approximately HK\$3.5 million for the six months ended 30 September 2016. The reason for the increase of revenue in both segments is mainly due to the substantial progress of the contracted services work of the Group's on-going projects attained.

The revenue of acoustics, noise and vibration control and audio-visual design consultancy decreased by approximately 16.8% from approximately HK\$2.5 million for the six months ended 30 September 2015 to approximately HK\$2.1 million for the six months ended 30 September 2016.

The Group's ESG reporting and consultancy segment was established in November 2015. The revenue of ESG reporting and consultancy represents approximately 7% of the total revenue for the six months ended 30 September 2016.

## Management Discussion and Analysis

The table below sets forth the breakdowns of the turnover by segment for each of the six months ended 30 September 2015 and 2016:

	Six months ended 30 September					
	2016		2015		Increase (decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Green building certification consultancy	10,030.00	59.7	8,803.00	61.0	1,227.00	13.9
Sustainability and environmental consultancy	3,521.00	20.9	3,173.00	22.0	348.00	11.0
Acoustics, noise and vibration control and audio-visual design consultancy	2,052.00	12.2	2,466.00	17.0	(414.00)	(16.8)
ESG reporting and consultancy	1,212.00	7.2	n/a	n/a	1,212.00	-
Total	16,815.00	100.0	14,442.00	100.0	2,373.00	16.4

### Outlook/Prospect

Going forward, the Group will continue to attain its business objectives of maintaining a sustainable growth in its existing business segments and to be one of the leading service providers providing (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 businesses on one hand, and leveraging on our competitive strengths and advantages to further expand our business into the PRC market on the other hand. In early November 2016, the Group has incorporated a wholly-owned subsidiary, 前海沛然環保顧問深圳有限公司 (Qianhai Allied Environmental Consultants Shenzhen Company Limited\*), at Shenzhen (Qianhai) in Mainland China and the Company has joined as a founding member of GreenTech Alliance, which is organised by Green Council, a non-profit initiative to embrace all leading greener technology efforts. The Group will further contribute to (i) establish and facilitate a member alliance of Greener technologies and products that benefit the environment in order to accelerate and support their implementation, advancement and adoption; (ii) stimulate and support growth, including in the area of employment, in this evolving and expanding technological and production field; and (iii) identify, endorse and promote existing and emerging greener innovative technologies and related products to all sectors including the general public. Besides, the Group is planning to develop its business in green constructions and green products by using its existing working capital.

\* For identification only



## Management Discussion and Analysis

In addition, the Group has the following strategies to achieve its business objectives:

**1) Expand into the PRC market through establishment of subsidiaries, cooperation with third parties and/or acquisitions**

Considering the rising awareness and promotion of green building and the growing urbanisation rate of the PRC, we believe that the demand for consultancy on green building certification and on sustainability and environmental consultancy will continue to increase. The incorporation of our wholly-owned PRC subsidiary, Qianhai Allied Environmental Consultants Shenzhen Company Limited, can help us to tap into the PRC market. The Group will continue to find new business partners in Mainland China.

**2) Further expand and develop ESG reporting and consultancy and develop reporting and consultancy based on other sustainability reporting frameworks**

The Stock Exchange has strengthened the ESG Reporting Guide in the GEM Listing Rules, which came into effect for listed issuers' financial years beginning on or after 1 January 2016. Listed companies must "comply or explain" under the ESG Reporting Guide set out in Appendix 27 to the Main Board Listing Rules and Appendix 20 to the GEM Listing Rules. As a listed company, the Company wishes to be one of the role models in ESG reporting. Moreover, over the last decade, corporate sustainability reporting has increased tremendously, as many companies worldwide become increasingly aware of their impacts on the economy, environment and society.

Therefore, the Company believes it should not only focus on ESG reporting and consultancy, but also on sustainability reporting based on other sustainability reporting frameworks, such as those from the Global Reporting Initiative (GRI).

The Company believes there are substantial growth and business opportunities in this entire business segment.

**3) Further strengthen and expand its in-house team of professional staff**

The Company believes that its staff is very important asset. The Company will continue to encourage its staff to attend technical training and industry seminars, conferences and courses organised by third parties to enhance their professional competence on an on-going basis. In addition to its plan to expand its project team for providing services in the PRC and its ESG reporting and consultancy, the Company also plans to expand its existing in-house team so as to increase its capacity and resources in providing its services, such as ecological survey, which it has been outsourcing to its sub-contractors. With the opening of its new office in November 2016, the Company can accommodate additional staff and establish a training room to conduct trainings, seminars, conferences and courses for its staff and clients.

# Management Discussion and Analysis

## 4) Expand through mergers and acquisitions in Hong Kong

The Company plans to expand its presence and market share through mergers and acquisitions of businesses or companies in the same industry in Hong Kong.

Furthermore, to the knowledge of the Directors, there has recently been a market trend for mergers and acquisitions where green building certification consultancy businesses were merged among themselves striking to benefit from a larger scale of operation, consolidation of resources, expanding customer base and capturing more market shares. The Directors consider that through appropriate mergers and acquisitions, the Group will be in a better position to compete with its competitors and maintain its competitiveness and position in the market.

## Financial Review

### Revenue

The total revenue of the Group increased by approximately 16.4% from approximately HK\$14.4 million for the six months ended 30 September 2015 to approximately HK\$16.8 million for the six months ended 30 September 2016.

### Cost of Sales and Gross Profit

The majority of the Group's cost of sales comprised subcontracting cost and direct labour cost. Our cost of sales increased by approximately 28.7% from approximately HK\$6.3 million for the six months ended 30 September 2015 to approximately HK\$8.1 million for the six months ended 30 September 2016, which is in line with the increase in revenue.

The Group's gross profit increased by approximately 7.0% from approximately HK\$8.2 million for the six month ended 30 September 2015 to approximately HK\$8.8 million for the six months ended 30 September 2016, the increase in the gross profit was mainly due to the substantial progress of the contracted services work of the Group's on-going projects attained during the six months ended 30 September 2016.

### Administrative Expenses

The Group's administrative expenses increased by approximately 186.4% from approximately HK\$6.0 million for the six months ended 30 September 2015 to approximately HK\$17.2 million for the six months ended 30 September 2016, which was mainly due to the Company's incurrence of the listing expenses of approximately HK\$12.5 million.

### Loss attributable to the owners of the Company

The loss of the Group was approximately HK\$9.1 million for the six months ended 30 September 2016, whereas there was a profit of approximately HK\$1.9 million for the corresponding period in 2015, mainly due to the Company's incurrence of the listing expenses of approximately HK\$12.5 million during the six months ended 30 September 2016.

### Net cash generated from operating activities before the charging of listing expenses

Our net cash generated from operating activities before the charging of listing expenses for the six months period ended 30 September 2016 was approximately HK\$2.8 million, whereas there was net cash used in operating activities before the charging of listing expenses of approximately HK\$1.3 million for the corresponding period in 2015.



# Management Discussion and Analysis

## Liquidity, Financial Resources and Capital Structure

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

The Company requires cash primarily for working capital needs. As at 30 September 2016, the Company had approximately HK\$6.7 million in cash and bank balances (as at 31 March 2016: approximately HK\$18.8 million), representing a decrease of approximately HK\$12.1 million as compared to that as at 31 March 2016.

On 17 October 2016, the ordinary shares of the Company (the "Shares") were listed on GEM by way of placing and completed the placing of its 204,000,000 ordinary shares with a par value of HK\$0.01 each at placing price of HK\$0.28 per Share for a total cash consideration of approximately HK\$57.1 million. The Company believes that the funding from the placing of Shares on the GEM would help the Company to strengthen financial position to achieve its business objectives.

## Capital Expenditure

The Company purchased property, plant and equipment amounting HK\$0.3 million for the six months ended 30 September 2016 which comprised acquisition of furniture, fixtures and office equipment.

## Interim Dividend

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 September 2016 (30 September 2015: Nil).

## Employees and Remuneration Policies

As at 30 September 2016, the Company had a total of 42 employees (31 March 2016: 40). The Company's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Company recognizes the importance of a good relationship with its employees. The remuneration payable to its employees includes salaries and allowances.

## Use of Proceeds from the Listing

On 17 October 2016, the shares of the Company were listed on GEM. The initial public offering by way of placing was welcomed by investors. As stated in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 September 2016 (the "Prospectus"), the Group intends to use the proceeds for (i) establishment of subsidiaries, co-operation with other third parties, and/or acquisition in order to expand to PRC market; (ii) expansion through mergers and acquisitions of other market players in the environmental data collection/monitoring industry and ecology industry in Hong Kong with an aim to vertically integrate with the business of the Group; (iii) further expansion of our business on ESG reporting and consultancy; and (iv) expansion of our in-house project team; and (v) funding for our working capital and other general corporate purposes. The Company intends to continue to apply the net proceeds in accordance with the proposed applications set out above. The net proceeds have not yet been applied to the above purposes as at the date of this report. The Company will deposit the unused net proceeds into short-term demand deposits with Hong Kong licensed banks.

# Management Discussion and Analysis

## Gearing Ratio

As at 30 September 2016, the Group had no interest-bearing bank and other borrowings.

## Foreign Exchange Exposure

The Group mainly operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars. Nevertheless, the Directors will closely monitor the Group's foreign currency position 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.

## Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the six months ended 30 September 2016. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

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

The Group did not hold any significant investments in equity interest in any other companies. Except for those included in the section headed "Future Plans and Use of Proceeds" for inclusion in the Prospectus, the Group had no definite future plans for material investments and capital assets.

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

Save as disclosed in the Prospectus, there were neither significant investments held as at 30 September 2016 nor acquisitions and disposals of subsidiaries during the six months ended 30 September 2016.

## Pledge of Assets

The Group had no pledge of assets as at 30 September 2016.

## Commitments and Contingent Liabilities

The Group had no significant commitments and contingent liabilities as at 30 September 2016.



# Management Discussion and Analysis

## Financial Risk Management

Risk management is carried out by the Company's finance department under policies approved by the Board. The finance department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides guidance for 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. The Company did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure as at 30 September 2016.

## Share Option Scheme

The Company has adopted a share option scheme (the "Share Option Scheme") by the resolutions in writing of the shareholders of the Company passed on 23 September 2016.

The Share Option Scheme is established to recognise and acknowledge the contributions the following eligible participants have or may have made to the Group (the "Eligible Participants"): (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (ii) any directors (including executive, non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; and (iii) any advisers, consultants, suppliers, customers, agents and related entities to the Company or any of its subsidiaries.

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme will become valid and effective for a period of 10 years from 23 September 2016.

The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group and attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

No option has lapsed or has been granted, exercised or cancelled under the Share Option Scheme during the six months ended 30 September 2016 and up to date of this report. The Company did not have any outstanding share options, warrants and convertible instruments into the Shares as at 30 September 2016 and up to date of this report.

# Management Discussion and Analysis

## Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debenture of the Company and its associated corporations

The Shares of the Company were listed on GEM on 17 October 2016. As at 30 September 2016, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which would have to be notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO).

As at the date of this report, 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 SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, are as follows:

### Interests in the Company

Name of Directors	Capacity	Number of Shares	Approximate percentage of issued Shares
Ms. Kwok May Han Grace ("Ms. Kwok") (Note)	Interest of a controlled corporation	721,701,600 (long position)	60.14%
Mr. Wu Dennis Pak Kit ("Mr. Wu") (Note)	Interest of spouse	721,701,600 (long position)	60.14%

Note: These Shares are held by Gold Investments Limited ("Gold Investments"), a company incorporated in the British Virgin Islands (the "BVI") and the issued share capital of which is owned as to 70% by Ms. Kwok, the executive Director, the chairman of the Board and the wife of Mr. Wu and 30% by Mr. Wu, the non-executive Director. Accordingly, Ms. Kwok is deemed to be interested in such Shares held by Gold Investments under the SFO, and Mr. Wu is deemed to be interested in such Shares held by Ms. Kwok under the SFO.





# Management Discussion and Analysis

## Interests in the associated corporation

Name of associated corporation	Name of Directors	Capacity	Number and class of shares	Approximate percentage of shareholding
Gold Investments	Ms. Kwok (Note)	Beneficial owner	70 shares of HK\$1.00 each	70%
		Interest of spouse	30 shares of HK\$1.00 each	30%
	Mr. Wu (Note)	Beneficial owner	30 shares of HK\$1.00 each	30%
		Interest of spouse	70 shares of HK\$1.00 each	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 Mr. Wu in Gold Investments under the SFO, and Mr. Wu is deemed to be interested in the shares held by Ms. Kwok in Gold Investments under the SFO.

Save as disclosed above, as at the date of this report, none of the Directors and chief executives 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 standard of dealings by Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules.

# Management Discussion and Analysis

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

As at 30 September 2016, there was no interest in the Shares and underlying Shares which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO.

So far as the Directors are aware, up to the date of this report, the following persons (other than a Director or chief executive of the Company) have or are 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 Division 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	Approximate percentage of issued Shares
Gold Investments (Note 1)	Beneficial owner	721,701,600 Shares (long position)	60.14%
Dr. Wong Wing Ho James	Beneficial owner	109,161,600 Shares (long position)	9.10%
City Beat Limited ("City Beat") (Note 2)	Beneficial owner	86,552,400 Shares (long position)	7.21%

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.
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 is deemed to be interested in the Shares held by City Beat.

Save as disclosed above, as at the date of this report, the Company has not been notified by any persons (other than Directors or chief executives of the Company) who have 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.



## Management Discussion and Analysis

### Rights to Acquire Shares or Debentures

Other than the Share Option Scheme and as disclosed under the section “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations” above, at no time since the Listing Date and up to the date of this report, was the 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 (as defined in the GEM Listing Rules) 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.

### Interests in Competing Businesses

Each of the controlling shareholders (as defined under the GEM Listing Rules) of the Company entered into a deed of non-competition dated 23 September 2016 (the “Deed of Non-competition”) in favour of the Company, details of which were set out in the Prospectus, mainly to the effect that at any time the controlling shareholders are interested, directly or indirectly, in 30% or more of the Company’s shares, they will not, and will procure their associates (other than members of the Group) 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, (1) not to directly or indirectly, either on their own account, in conjunction with, on behalf of or through any person, body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, participate, acquire or hold any right or interest, provide any support to, financial or otherwise, or otherwise be interested, involved or engaged in or concerned with any business that directly or indirectly competes with the Restricted Business (as defined below), or acquire or hold shares or interest (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any companies or business that compete directly or indirectly with the Restricted Business (as defined below); and (2) not to engage, invest, participate or be interested (economically or otherwise) in any business involving the provisions 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”).

Since the Listing Date and up to the date of this report, none of the Directors, the controlling shareholders of the Company or their respective close associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group and any other conflict of interest with the Group.

## Management Discussion and Analysis

The controlling shareholders of the Company have confirmed to the Company that from the Listing Date to the date of this report, they and their respective close associates (as defined under the GEM Listing Rules) have complied with the undertakings contained in the Deed of Non-competition.

### Corporate Governance Code

The Company is committed to maintaining good corporate governance standard and procedures.

The Stock Exchange has promulgated the code provisions on Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 15 to the GEM Listing Rules. Since the Listing Date and up to the date of this report, the Group has complied with all the code provisions of the CG Code except for the following:

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 has been appointed the chairman of the Board on the date of this report but there is no chief executive of the Company. 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.

### Compliance with Code of Conduct for Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made specific enquiries by the Company, all Directors confirmed that they had complied with the standard of dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company since the Listing Date and up to the date of this report.

### Purchase, Sale or Redemption of the Company's Listed Securities

As the Shares of the Company were listed on GEM on 17 October 2016, neither did the Company redeem nor did the Company or any of its subsidiaries purchase or sell any of the Company's listed securities during the six months ended 30 September 2016 and up to the date of this report.

### Interests of Compliance Adviser

As notified by Guotai Junan Capital Limited ("GTJAC"), the compliance adviser of the Company, save for the compliance adviser agreement entered into between the Company and GTJAC dated 6 June 2016, neither GTJAC nor any of its close associates (as defined in the GEM Listing Rules), directors or employees had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 September 2016 and up to the date of this report.



# Management Discussion and Analysis

## Audit Committee

The Company established an audit committee on 23 September 2016 with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee consists of three independent non-executive Directors, namely, Mr. Lie Kong Sang (who is the chairman), Professor Lam Kin Che and Ms. Wong Yee Lin Elaine. The primary duties of the Audit Committee are to 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, reviewing the financial information and disclosures, to oversee the audit process, to develop and review the Company's financial and accounting policies and to perform 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 interim financial information for the six months ended 30 September 2016 and this report.

## Significant Events after the end of the Reporting Period

The Shares of the Company were listed on GEM on 17 October 2016 by way of placing. On the same day, the Company's total number of issued and fully paid Shares was increased to 1,200,000,000 by the Company issuing 204,000,000 new Shares at HK\$0.28 per Share. The total net proceeds received from the placing was approximately HK\$33.7 million.

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

Hong Kong, 11 November 2016

*As at the date of this report, 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, Mr. Lie Kong Sang and Ms. Wong Yee Lin Elaine.*