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

2019 INTERIM REPORT

PRINTED WITH SOY INK

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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 six months ended 30 September 2019 amounted to approximately HK$20.6 million while gross profit of the Group for the same period amounted to approximately HK$9.6 million.

The net profit after tax of the Group for the six months ended 30 September 2019 amounted to approximately HK$1.4 million, as compared with the net loss after tax of approximately HK$1.6 million for the six months ended 30 September 2018, mainly attributed to (i) the increase in the total revenue of the Group by approximately HK$3.8 million from approximately HK$16.8 million for the six months ended 30 September 2018 to approximately HK$20.6 million for the six months ended 30 September 2019 which was mainly driven by increment of new contracts awarded and substantial progress of the contracted services work of our on-going projects attained during the six months ended 30 September 2019; (ii) reduced amount of administrative expenses as a result of strengthened cost control on professional service fee; and (iii) increase in gross profit of green building certification consultancy, resulting from the increase in revenue recognized primarily due to the substantial progress of the contracted services work for our on-going green building certification consultancy projects attained during the six months ended 30 September 2019.

The board of Directors (the "Board") has resolved not to declare the payment of an interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

Unaudited Interim Condensed Consolidated Statements

The Board is pleased to announce the unaudited interim consolidated results of the Group for the six months ended 30 September 2019, together with the relevant comparative unaudited/audited 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:

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2019

		Unaudited Three months ended 30 September		**Unaudited Six months ended 30 September**	
	Notes	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Revenue	5	**10,822**	9,417	**20,648**	16,807
Cost of services provided		**(5,564)**	(5,649)	**(11,006)**	(10,301)
Gross profit		**5,258**	3,768	**9,642**	6,506
Other income and gains		**23**	48	**100**	49
Administrative expenses		**(3,951)**	(3,665)	**(8,017)**	(8,232)
Finance costs	6	**(74)**	(40)	**(109)**	(82)
Unrealised gain/(loss) of financial assets		**–**	568	**–**	(191)
Profit/(Loss) before income tax	7	**1,256**	679	**1,616**	(1,950)
Income tax (expense)/credit	8	**(204)**	(90)	**(260)**	329
Profit/(Loss) for the period wholly attributable to owners of the Company		**1,052**	589	**1,356**	(1,621)
Other comprehensive loss for the period, net of tax					
Item that will not be reclassified to profit or loss:					
– change in fair value of equity investments designated of fair value through other comprehensive income		**(68)**	–	**(907)**	–
Total comprehensive income/(loss) for the period wholly attributable to owners of the Company		**984**	589	**449**	(1,621)
Basic earnings/(loss) per share (HK cents)	9	**0.09**	0.05	**0.12**	(0.14)
Diluted earnings/(loss) per share (HK cents)	9	**0.09**	–	**0.11**	–

Interim Condensed Consolidated Statement of Financial Position

As at 30 September 2019

	Notes	**Unaudited 30 September 2019 HK$'000**	Audited 31 March 2019 HK$'000
Non-current assets			
Property, plant and equipment	11	**504**	688
Right-of-use assets		**8,690**	–
Intangible assets		**665**	665
Prepayments for intangible assets		**160**	160
Financial assets at fair value through other comprehensive income		**5,427**	3,334
Deferred tax assets		**1,109**	1,369
		16,555	6,216
Current assets			
Contract assets		**38,158**	33,669
Accounts receivable	12	**11,440**	9,229
Prepayments, deposits and other receivables		**6,016**	3,832
Current tax recoverable		**–**	781
Pledged bank deposits		**5,104**	5,087
Cash and cash equivalents		**7,741**	17,046
		68,459	69,644
Current liabilities			
Accounts payable	13	**33**	87
Other payables and accruals		**5,732**	6,185
Bank loans and overdrafts		**3,500**	3,500
Lease liabilities		**3,134**	–
Contract liabilities		**780**	452
Current tax payable		**160**	160
		13,339	10,384
Net current assets		**55,120**	59,260
Non-current liability			
Lease liabilities		**5,750**	–
Net assets		**65,925**	65,476
Equity			
Share Capital	14	**12,000**	12,000
Reserves		**53,925**	53,476
Total equity		**65,925**	65,476

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2019

	Wholly attributable to owners of the Company						
	Issued capital HK$'000	Other reserves HK$'000	Revaluation reserves HK$'000	Shares held under share award scheme HK$'000	Share award reserve HK$'000	Retained profits/ (Accumulated losses) HK$'000	Total equity HK$'000
At 1 April 2018	12,000	61,102	(410)	(4,099)	–	6,745	75,338
Loss and total comprehensive loss for the period	–	–	–	–	–	(1,621)	(1,621)
Purchase of shares under share award scheme	–	–	–	(797)	–	–	(797)
At 30 September 2018	12,000	61,102	(410)	(4,896)	–	5,124	72,920
At 1 April 2019	**12,000**	**61,653**	**(309)**	**(5,077)**	**348**	**(3,139)**	**65,476**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**1,356**	**1,356**
Other comprehensive loss for the period:							
Change in fair value of equity investments designated of fair value through other comprehensive income	**–**	**–**	**(907)**	**–**	**–**	**–**	**(907)**
Total comprehensive income for the period	**–**	**–**	**(907)**	**–**	**–**	**1,356**	**449**
At 30 September 2019	**12,000**	**61,653**	**(1,216)**	**(5,077)**	**348**	**(1,783)**	**65,925**

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2019

	Unaudited Six months ended 30 September 2019 HK$'000	2018 HK$'000
Cash flows from operating activities		
Profit/(Loss) before tax	**1,616**	(1,950)
Adjustments for:		
Finance costs	**109**	82
Depreciation of property, plant and equipment	**222**	233
Depreciation of right-of-use assets	**511**	–
Interest Income	**(30)**	(27)
Dividend Income	**(70)**	–
Unrealised loss of financial assets	**–**	191
	2,358	(1,471)
Increase in contract assets	**(4,489)**	(2,554)
(Increase)/decrease in accounts receivable	**(2,211)**	845
Increase in prepayments, deposits and other receivables	**(2,184)**	(105)
(Decrease)/increase in accounts payable	**(54)**	26
Decrease in other payables and accruals	**(383)**	(912)
Increase in contract liabilities	**328**	–
Cash used in operations	**(6,635)**	(4,171)
Interest received	**30**	27
Hong Kong Profits Tax refund	**781**	–
Net cash used in operating activities	**(5,824)**	(4,144)
Cash flows from investing activities		
Additions of items of property, plant and equipment	**(38)**	(85)
Proceeds from disposal of equity investment classified as financial assets at fair value through other comprehensive income	**–**	4,393
Payments from acquisition of equity investment classified as financial assets at fair value through other comprehensive income	**(3,000)**	–
Net cash generated from/(used in) investing activities	**(3,038)**	4,308

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2019

	Unaudited Six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
Cash flows from financing activities		
Interest-bearing bank loan obtained	**7,000**	–
Repayment of interest-bearing bank loan	**(7,051)**	(809)
Interest paid	**(12)**	(82)
Repayment to related party	**–**	(4,526)
Payment for purchase of shares under share award scheme	**–**	(797)
Lease payment	**(363)**	–
Net cash used in financing activities	**(426)**	(6,214)
Net decrease in cash and cash equivalents	**(9,288)**	(6,050)
Cash and cash equivalents at beginning of the period	**22,133**	33,080
Cash and cash equivalents at end of the period	**12,845**	27,030
Analysis of balances of cash and cash equivalents		
Time deposits up to three months	**5,104**	5,045
Cash and bank balances	**7,741**	22,584
Bank overdrafts	**–**	(599)
	12,845	27,030

1. Corporate Information and Basis of Preparation

(a) Corporate information

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

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").

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

(b) Basis of Preparation

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2019 (the "Financial Information") comprise the financial information of the Company and its subsidiaries and should be read in conjunction with the annual financial statements for the year ended 31 March 2019. Except for the adoption of new and revised 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 2019, the accounting policies and methods of computation applied in preparing the Financial Information are consistent with those of the annual financial statements for the year ended 31 March 2019 as described in those annual financial statements.

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.

1. Corporate Information and Basis of Preparation (Continued)

(b) Basis of Preparation (Continued)

The 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. Accounting Policies

Except for the changes in accounting policies stated in note 3, the accounting policies and methods of computation used in the Financial Information are the same as those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 March 2019 included in the annual report 2019.

3. Changes in Accounting Policies

This note explains the impact of the adoption of HKFRS 16 "*Leases*" ("HKFRS 16") on the Group's financial information and discloses the new accounting policies that have been applied from 1 April 2019, where they are different to those applied in prior periods.

The Group has adopted HKFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the reporting period for the year ended 31 March 2019, as permitted under the specific transitional provisions in the standard.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "*Leases*". There was no impact on 1 April 2019 as the new lease agreement effected on August 2019.

3. Changes in Accounting Policies (Continued)

3.1 The Group's leasing activities and how these are accounted for

The Group leases offices and car parking spaces. Non-cancellable rental contracts are typically made for periods of one to three years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

After adoption of HKFRS 16, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

3. Changes in Accounting Policies (Continued)

3.1 The Group's leasing activities and how these are accounted for (Continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

4. Significant Accounting Estimates

The preparation of the Financial Information 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.

Estimation uncertainty

The key 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:

4. Significant Accounting Estimates (Continued)

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 contract 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.

Also, 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.

Provision of ECL for accounts receivable and contract assets

The Group uses provision matrix to calculate Expected Credit Loss ("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 every 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.

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.

4. Significant Accounting Estimates (Continued)

Impairment of non-financial assets (Continued)

During the period ended 30 September 2019, no impairment loss on property, plant and equipment and intangible assets were recognised by the Group (2018: 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.

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 audiovisual systems; and

(d) ESG reporting and consultancy segment involves conducting assessment of the ESG system of clients, preparing report in compliance with the Stock Exchange's requirements pursuant to the ESG reporting guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange and Appendix 20 to the GEM Listing Rules, assisting clients in establishing comprehensive solutions to enhance ESG system and providing training and seminars to clients.

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/(loss) before income tax. The adjusted profit before income tax is measured consistently with the Group's profit/(loss) before income tax except that finance costs as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude current tax recoverable, pledged bank deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude current tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

5. Segment Information (Continued)

	Green building certification consultancy		Sustainability and environmental consultancy		Acoustics, noise and vibration control and audio-visual design consultancy Unaudited Six months ended 30 September		ESG reporting and consultancy		Total	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Segment revenue:										
Revenue – over time										
Hong Kong	**8,871**	5,468	**5,662**	6,018	**3,297**	2,591	**1,328**	2,354	**19,158**	16,431
Mainland China	**942**	–	**–**	–	**339**	135	**157**	–	**1,438**	135
Macau	**–**	–	**6**	–	**46**	241	**–**	–	**52**	241
Total revenue	**9,813**	5,468	**5,668**	6,018	**3,682**	2,967	**1,485**	2,354	**20,648**	16,807
Segment results	**3,366**	1,491	**3,461**	2,586	**1,861**	930	**954**	1,499	**9,642**	6,506
Reconciliation										
Unallocated income									**100**	49
Unallocated expenses									**(8,017)**	(8,423)
Finance costs									**(109)**	(82)
Profit/(Loss) before income tax									**1,616**	(1,950)
Segment assets	**25,364**	23,170	**14,547**	11,528	**8,328**	7,567	**1,359**	1,826	**49,598**	44,091
Reconciliation										
Unallocated income									**35,416**	31,769
Total assets									**85,014**	75,860
Segment liabilities	**620**	489	**146**	4	**47**	46	**–**	–	**813**	539
Reconciliation										
Unallocated liabilities									**18,276**	9,845
Total liabilities									**19,089**	10,384
Unallocated:										
– Depreciation									**733**	233
– Capital expenditure*									**38**	85

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

5. Segment Information (Continued)

(a) Geographical information

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

(b) Information about major customers

No revenue from a single external customer accounted for 10% or more of the Group's revenue for the period ended 30 September 2018 and 2019.

6. Finance Costs

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Interest on bank loans and overdrafts	**28**	40	**63**	82
Interest on lease liabilities	**46**	–	**46**	–
	74	40	**109**	82

7. Profit/(Loss) Before Income Tax

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

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Depreciation of property, plant and equipment	**106**	117	**222**	233
Depreciation of right-of-use assets	**511**	–	**511**	–
Employee benefit expense: (including Directors' emoluments)				
– Salaries, allowances and benefit in kind	**5,128**	5,273	**10,045**	10,006
– Retirement benefit scheme contributions (defined contribution scheme)	**198**	199	**378**	375
	5,943	5,589	**11,156**	10,614
Minimum lease payments under operating leases for buildings	**688**	841	**1,692**	1,675

8. Income Tax Expense/(Credit)

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 periods. PRC Corporate Income Tax has been provided at the rate of 25% on the estimated assessable profits arising in the PRC for each of the reporting periods.

	Unaudited Three months ended 30 September		**Unaudited Six months ended 30 September**	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Current – PRC				
Charge for the period	–	10	–	10
Deferred tax	**204**	80	**260**	(339)
Income tax expense/(credit) for the period	**204**	90	**260**	(329)

9. Earnings/(Loss) Per Share Attributable to Owners of the Company for the Period

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

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company for share award scheme.

	Unaudited Three months ended 30 September		**Unaudited Six months ended 30 September**	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Earnings/(Loss)				
Profit/(Loss) for the period attributable to owners of the Company for the purpose of basic earnings/(loss) per share	**1,052**	589	**1,356**	(1,621)

	Unaudited Six months ended 30 September	
	2019 Number of shares	2018 Number of shares
Weighted average number of ordinary shares:		
Issued ordinary shares	**1,179,630,000**	1,184,000,000
Effect of shares purchased in the open market under share award scheme	**(3,272,857)**	–
Weighted average number of ordinary shares for the purpose of the basic earnings/(loss) per share	**1,176,357,143**	1,184,000,000

9. Earnings/(Loss) Per Share Attributable to Owners of the Company for the Period (Continued)

The calculation of the diluted earnings/(loss) per share attributable to owners of the Company is based on profit/(loss) 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.

(b) Diluted

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Earnings/(Loss)				
Profit/(Loss) for the period attributable to owners of the Company for the purpose of diluted earnings/(loss) per share	**1,052**	589	**1,356**	(1,621)

	Unaudited Six months ended 30 September	
	2019 Number of shares	2018 Number of shares
Weighted average number of ordinary shares:		
Issued ordinary shares	**1,179,630,000**	1,184,000,000
Effect of shares purchased in the open market under share award scheme	**(3,272,857)**	–
Adjustment for share award scheme	**7,960,000**	–
Weighted average number of ordinary shares for the purpose of the diluted earnings/(loss) per share	**1,184,317,143**	1,184,000,000

10. Dividends

The Board has resolved not to declare the payment of any dividend in respect of the six months ended 30 September 2019 (the six months ended 30 September 2018: Nil).

11. Property, Plant and Equipment

	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
30 September 2018			
At 1 April 2018:			
Cost	3,555	256	3,811
Accumulated depreciation	(2,840)	(85)	(2,925)
Net carrying amount	715	171	886
At 1 April 2018, net of accumulated depreciation	715	171	886
Additions	85	–	85
Depreciation provided during the period	(201)	(32)	(223)
At 30 September 2018, net of accumulated depreciation	599	139	738
At 30 September 2018:			
Cost	3,640	256	3,896
Accumulated depreciation	(3,041)	(117)	(3,158)
Net carrying amount	599	139	738

11. Property, Plant and Equipment (Continued)

	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
30 September 2019			
At 1 April 2019:			
Cost	1,389	256	1,645
Accumulated depreciation	(808)	(149)	(957)
Net carrying amount	581	107	688
At 1 April 2019, net of accumulated depreciation	581	107	688
Additions	38	–	38
Depreciation provided during the period	(190)	(32)	(222)
At 30 September 2019, net of accumulated depreciation	429	75	504
At 30 September 2019:			
Cost	1,427	256	1,683
Accumulated depreciation	(998)	(181)	(1,179)
Net carrying amount	429	75	504

12. Accounts Receivable

	Unaudited 30 September 2019 HK$'000	Audited 31 March 2019 HK$'000
Accounts receivable	**15,350**	13,139
Less: Allowance for credit losses	**(3,910)**	(3,910)
	11,440	9,229

Accounts receivable represent receivables for contract works. Accounts receivable are due within 0 to 30 days (31 March 2019: 0 to 30 days) from the date of billing. The Group maintains active and regular control over its outstanding receivables to minimise credit risk. 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 periods, based on the invoice date and net of impairment provisions, is as follows:

	Unaudited 30 September 2019 HK$'000	Audited 31 March 2019 HK$'000
Within 1 month	**1,656**	5,044
Over 1 month but less than 6 months	**3,527**	2,908
Over 6 months but less than 12 months	**1,907**	382
Over 12 months but less than 24 months	**3,161**	226
Over 24 months	**1,189**	669
	11,440	9,229

13. Accounts Payable

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

	Unaudited 30 September 2019 HK$'000	Audited 31 March 2019 HK$'000
Within 1 month	**–**	18
Over 1 month to 6 months	**10**	–
Over 6 months	**23**	69
	33	87

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

14. Share Capital

	Unaudited 30 September 2019 HK$'000	Audited 31 March 2019 HK$'000
Authorised:		
5,000,000,000 shares of HK$0.01 each	**50,000**	50,000
Issued and fully paid:		
1,200,000,000 shares of HK$0.01 each	**12,000**	12,000

15. Operating Lease Arrangements

The Group leases its old office property under operating lease arrangements. The leases typically run for an initial period within one year. As at 1 April 2019, the Group elected to apply the practical expedient permitted by HKFRS 16, which operating leases with a remaining lease term of less than 12 months as at 1 April 2019 was classified as to short term leases (i.e. where the lease term is 12 months or less), in which case the rental expenses of old office property would continue to be recognised on a systemic basis over the lease term.

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

	Unaudited 30 September 2019 HK$'000	Audited 31 March 2019 HK$'000
Within one year	**70**	1,270

16. Approval of the Interim Financial Information

The financial statements were approved and authorised for issue by the Board on 12 November 2019.

Industry Review

The Group sees potential 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 relevant government departments, have implemented various laws regulating environmental issues, such as the Environmental Impact Assessment Ordinance (《環境影響評估條例》) (Chapter 499 of the laws of Hong Kong) which has made the preparation of the environmental impact assessment report a mandatory requirement before the construction and operation of various types of designated projects. Moreover, environmental impact assessment usually forms part of the planning application under the Town Planning Ordinance (《城市規劃條例》) (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 requirements for 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 cap the energy consumption of buildings and form 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 metres with 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's subsidiaries are specialised in the provision of (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 four business segments contributed approximately 47.5%, 27.5%, 17.8% and 7.2% to the Group's overall revenue for the six months ended 30 September 2019, respectively. The Group derives the majority of its revenue from green building certification consultancy, and sustainability and environmental consultancy.

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 30 September 2019, the Group had 196 (as at 30 September 2018: 156) projects on hand which were mainly from 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 regeneration, sustainable development and integrated planning. The solutions include but 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 30 September 2019, the Group had 104 (as at 30 September 2018: 93) 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 to assist 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 30 September 2019, the Group had 72 (as at 30 September 2018: 59) 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 those companies listed on the Stock Exchange, which is required by the Stock Exchange to encourage listed companies to identify and disclose ESG issues and key performance indicators that are non-financial information but reflect significant environmental and social impacts, and ultimately influence the assessments and decisions of stakeholders. The Group provides a one-stop solution from identifying the material aspects of ESG issues and formulating ESG implementation plan to the preparation of an ESG report. As at 30 September 2019, the Group had 38 (as at 30 September 2018: 18) projects on hand across various industries.

Prospects

To enhance its competitive position in the market, the Group is endeavouring to expand its customer base and enhancing its productivity through implementing an Enterprise Resource Planning system. Meanwhile, the Group is seizing every opportunity to develop and offer new solutions and products with an aim to create synergy through blending and enriching its existing consultancy services. The Group believes that it is on track to achieve sustainable long-term performance.

Since the incorporation of 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 Qianhai, Shenzhen in the PRC, the Group has been exploring business opportunities through tendering and submitting bids for new projects. In addition, the Group is actively exploring development and acquisition opportunity in other first-tier cities in the PRC such as Beijing and Shanghai in the areas of environmental solutions, indoor air quality solutions and products, building management systems, green building solutions and products, etc..

Furthermore, the Group will strive 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 in areas including employment in this evolving and expanding technological and production field; and (iii) identify, endorse and promote existing and emerging green and innovative technologies and related products to all sectors including the general public. Further, the Group is planning to develop its business in green building services and solutions and green products by using its internal financial resources.

* *For identification purpose only*

In the coming year, the Group intends to provide clients with innovative services regarding smart energy management, fault detection, and diagnosis on building equipment and systems on a cloud-based platform. It will be included in the energy service packages and the target clients include operators of large-scale commercial premises, office blocks, industrial plants, hotels and hospitals in Hong Kong and the PRC. In addition, the Group intends to provide "offline to online" ESG solution services, including but not limited to design and production of online ESG learning materials, and provision of online solution support to Hong Kong and PRC clients. The Group is positive about the potential market of the online ESG solution.

According to the latest consultation paper on "Review of the ESG Reporting Guide and related Listing Rules" published by the Stock Exchange, a number of key proposals have been put forward to support and improve listed companies' governance and disclosure of ESG activities and metrics. We believe that the enhanced ESG disclosures will result in the increase in demand for ESG consultancy services, which would widen the Group's business scope in this segment.

Following the successful offering of inaugural green bond with an issuance size of US$1 billion announced by the Hong Kong Government in May 2019, the Group sees potential opportunities in the green building certification business. We are optimistic that there will be more investment in green building projects and higher demand for green finance consultancy service in the long run. As a result, the Group will capture more opportunities to participate in these projects as a green building consultant and to collaborate with the financial sector through providing consultancy services.

Financial Review

Revenue

The total revenue of the Group increased from approximately HK$16.8 million for the six months ended 30 September 2018 to approximately HK$20.6 million for the six months ended 30 September 2019, representing an increase of 22.9%. As at 30 September 2019, the Group had 410 projects on hand (as at 30 September 2018: 326 projects), the aggregate contract sum of which amounted to approximately HK$156 million.

The revenue of green building certification consultancy significantly increased by 79.5% from approximately HK$5.5 million for the six months ended 30 September 2018 to approximately HK$9.8 million for the six months ended 30 September 2019. Such improvement in revenue was resulted from (i) increment of new contracts awarded; and (ii) the substantial progress of the contracted service work of our ongoing projects attained in the segment.

The revenue of sustainability and environmental consultancy slightly decreased by 5.8% from approximately HK$6.0 million for the six months ended 30 September 2018 to approximately HK$5.7 million for the six months ended 30 September 2019, which was mainly due to the slowdown in the progress of the projects in this segment.

The revenue of acoustics, noise and vibration control and audio-visual design consultancy increased by approximately 24.1% from approximately HK$3.0 million for the six months ended 30 September 2018 to approximately HK$3.7 million for the six months ended 30 September 2019 which was mainly due to the substantial progress achieved in the projects in this segment and increment of the number of on-going projects.

The revenue of ESG reporting and consultancy significantly decreased by 36.9% from approximately HK$2.4 million for the six months ended 30 September 2018 to approximately HK$1.5 million for the six months ended 30 September 2019, which was due to slowdown in the progress of the projects for the second quarter of 2019 and keen competition in the segment.

The table below sets forth the breakdown of the revenue by segment for each of the six months ended 30 September 2018 and 2019:

	Unaudited Six months ended 30 September					
	2019		2018		Change	
	HK$'000	**%**	HK$'000	%	HK$'000	%
Green building certification consultancy	**9,813**	**47.5**	5,468	32.5	4,345	79.5
Sustainability and environmental consultancy	**5,668**	**27.5**	6,018	35.8	(350)	(5.8)
Acoustics, noise and vibration control and audio-visual design consultancy	**3,682**	**17.8**	2,967	17.7	715	24.1
ESG reporting and consultancy	**1,485**	**7.2**	2,354	14.0	(869)	(36.9)
Total	**20,648**	**100.0**	16,807	100.0	3,841	22.9

Cost of Services Provided and Gross Profit

The majority of the Group's cost of services provided comprised subcontracting cost and direct labour cost. The Group's cost of services provided increased by approximately 6.8% from approximately HK$10.3 million for the six months ended 30 September 2018 to approximately HK$11.0 million for the six months ended 30 September 2019, which was due to the increase in direct labour cost due to more involvement of our in-house consulting staff to conduct some of the tasks which were previously outsourced to subcontractors including noise monitoring and data collection.

The Group's gross profit increased by approximately 48.2% from approximately HK$6.5 million for the six months ended 30 September 2018 to approximately HK$9.6 million for the six months ended 30 September 2019, which was primarily due to the increase in gross profit of green building certification consultancy, resulting from the increase in revenue recognised primarily due to the substantial progress of the contracted services work for our on-going green building certification consultancy projects attained during the six months ended 30 September 2019.

Administrative Expenses

The Group's administrative expenses decreased by approximately 2.6% from approximately HK$8.2 million for the six months ended 30 September 2018 to approximately HK$8.0 million for the six months ended 30 September 2019 as a result of the Group's continuous implementation of stringent cost control by streamlining operations, rationalizing overheads and strengthening cost control on professional service fee.

Profit/(Loss) Attributable to the Owners of the Company

The profit of the Group was approximately HK$1.4 million for the six months ended 30 September 2019 as compared to the loss of approximately HK$1.6 million for the corresponding period in 2018, mainly attributed to (i) the increase in the total revenue of the Group by approximately HK$3.8 million from approximately HK$16.8 million for the six months ended 30 September 2018 to approximately HK$20.6 million for the six months ended 30 September 2019; (ii) reduced amount of administrative expenses as a result of strengthened cost control on professional fee; and (iii) increase in gross profit of green building certification consultancy, resulting from the increase in revenue recognized primarily due to the substantial progress of the contracted services work for our on-going green building certification consultancy projects attained during the six months ended 30 September 2019.

Net Cash Used in Operating Activities

The Group's net cash used in operating activities for the six months ended 30 September 2019 was approximately HK$6.6 million, whereas there was net cash used in operating activities of approximately HK$4.2 million for the six months ended 30 September 2018 which was mainly due to prepayment and deposit for leasing of new office.

Liquidity, Financial Resources and Capital Structure

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

The Group requires cash primarily for working capital needs. As at 30 September 2019, the Group had approximately HK$12.8 million in cash and bank balances (as at 31 March 2019: approximately HK$22.1 million), representing a decrease of approximately HK$9.3 million as compared to those as at 31 March 2019.

The Group monitors its liquidity requirements on a short to medium term basis and arranges refinancing of the Group's bank borrowings (including short-term bank loan) as appropriate. The bank borrowings are secured, repayable on demand and denominated in Hong Kong dollars, and bear interest at a floating rate. As at 30 September 2019, the Group had banking facilities in an aggregate amount of approximately HK$6.5 million, of which approximately HK$3 million was unutilised.

Interim Dividend

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 September 2019 (30 September 2018: Nil).

Employees and Remuneration Policies

As at 30 September 2019, the Company had a total of 60 employees (31 March 2019: 57). 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 the date of listing of the Shares on 17 October 2016 (the "Listing Date"), the issued Shares were listed on GEM. The initial public offering by way of placing was well received by investors. As stated in the section headed "Future Plans and Use of Proceeds" in the Company's prospectus dated 30 September 2016 (the "Prospectus"), the Group intended to use the proceeds for (i) establishment of subsidiaries, co-operation with other third parties, and/or acquisition in order to expand to the 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 the Group's business on ESG reporting and consultancy; (iv) expansion of the Group's in-house project team; and (v) funding for the Group's working capital and other general corporate purposes. Based on the placing price of HK$0.28 per Share, the gross proceeds were approximately HK$57.1 million while the net proceeds, after deducting the underwriting commission and other estimated expenses, amounted to approximately HK$33.4 million.

On 9 August 2018, the Company has resolved to change the use of net proceeds of the initial public offering (the "First Change in UOP"). Details of the revised allocation of the first change in UOP are set out as follows:

Proposed use of Net Proceeds	Original allocation of the Net Proceeds	Approximate percentage of total Net Proceeds	Actual use of Net Proceeds up to 31 July 2018	Unused Net Proceeds up to 31 July 2018 (before the Change)	Revised use of Net Proceeds	Revised allocation of unused Net Proceeds (after the Change)	Reasons for the revised use and allocation of Net Proceeds
Expand into the PRC market through acquisition or establishment of subsidiaries	13,358	40%	45	13,313	No Change	13,313	
Expand through strategic mergers and acquisitions in Hong Kong	6,679	20%	–	6,679	Acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business	5,800	The revised use of proceeds is to better reflect the Company's current direction of expansion. The allocation of proceeds was adjusted downward because under the recent preliminary term-sheet discussion in relation to an acquisition of a target company, the cash consideration was not expected to exceed HK$5.8 million.

Proposed use of Net Proceeds	Original allocation of the Net Proceeds	Approximate percentage of total Net Proceeds	Actual use of Net Proceeds up to 31 July 2018	Unused Net Proceeds up to 31 July 2018 (before the Change)	Revised use of Net Proceeds	Revised allocation of unused Net Proceeds (after the Change)	Reasons for the revised use and allocation of Net Proceeds
Further expand and develop the Group's services to ESG	6,679	20%	3,708	2,971	Strengthen ESG and environmental project team to expand and develop both ESG consultancy and environmental consultancy business	3,634	The revised use and allocation of proceeds is to combine the resources of both ESG consultancy and environmental consultancy business in order to expand the business in an effective and efficient manner.
Further strengthen and expand the Group's in-house team of professional staff	5,010	15%	4,347	663			
Provide funding for the Group's working capital and other general corporate purposes	1,670	5%	1,670	–	Transferred from the original purpose of strategic mergers and acquisitions in Hong Kong	879	The extra amount of HK$879,000 (available from the reduced amount of HK$5.8 million used in mergers and acquisitions in Hong Kong) was applied towards the Group's working capital and general corporate purposes since the Company anticipated that it is unlikely to identify another suitable acquisition target in the near future.
Total	33,396	100%	9,770	23,626		23,626	

On 25 March 2019, the Company has resolved to have a second change the use of net proceeds. (the "Second Change in UOP"). 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)	Unused Net Proceeds up to 28 February 2019 (before Second Change in UOP)	Revised allocation of unused Net Proceeds (the Second Change in UOP)	Revised allocation of unused Net Proceeds after Second Change in UOP	Reasons for the revised use and allocation of Net Proceeds (the Second Change in UOP)
	HK$'000	HK$'000		HK$'000	
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.

Proposed use of Net Proceeds as disclosed in the Prospectus	Use of Proceeds (as revised by the First Change in UOP)	Unused Net Proceeds up to 28 February 2019 (before Second Change in UOP)	Revised allocation of unused Net Proceeds (the Second Change in UOP)	Revised allocation of unused Net Proceeds after Second Change in UOP	Reasons for the revised use and allocation of Net Proceeds (the Second Change in UOP)
	HK$'000	HK$'000		HK$'000	
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 set up 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.

Proposed use of Net Proceeds as disclosed in the Prospectus	Use of Proceeds (as revised by the First Change in UOP)	Unused Net Proceeds up to 28 February 2019 (before Second Change in UOP)	Revised allocation of unused Net Proceeds (the Second Change in UOP)	Revised allocation of unused Net Proceeds after Second Change in UOP	Reasons for the revised use and allocation of Net Proceeds (the Second Change in UOP)
	HK$'000	HK$'000		HK$'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	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.

Proposed use of Net Proceeds as disclosed in the Prospectus	Use of Proceeds (as revised by the First Change in UOP) HK$'000	Unused Net Proceeds up to 28 February 2019 (before Second Change in UOP) HK$'000	Revised allocation of unused Net Proceeds (the Second Change in UOP)	Revised allocation of unused Net Proceeds after Second Change in UOP HK$'000	Reasons for the revised use and allocation of Net Proceeds (the Second Change in UOP)
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.
Total	23,626	19,544		19,544	

As at 30 September 2019, the net listing proceeds have been applied and utilized as follows:

Proposed use of Net Proceeds after the Second Change in UOP	Note	Adjusted planned use of net proceeds HK$'000	Approximate percentage of total net proceeds	Actual use of net proceeds up to 30 September 2019 HK$'000	Unused net proceeds up to 30 September 2019 HK$'000
Expand into the PRC market through acquisition or establishment of subsidiaries	1	12,500	64.0%	–	12,500
Acquire and develop subsidiaries in Hong Kong for acoustics and lighting business		3,000	15.3%	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	11.1%	2,176	–
Provide funding for the Group's working capital and other general corporate purposes		1,868	9.6%	1,868	–
Total		19,544	100%	7,044	12,500

Note 1: The actual use of net proceeds was slower than the adjusted planned use of net proceeds up to 30 September 2019 because the Group was negotiating for the final terms for the acquisition of PRC business and it is expected the unused net proceeds will be gradually deducted within the forthcoming six months.

Gearing Ratio

The gearing ratio of the Group, calculated as total borrowings divided by total share capital and reserves, was approximately 5.3% as at 30 September 2019 (31 March 2019: 5.3%).

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 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 six months ended 30 September 2019.

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 2019. 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.

Important Event After the Reporting Period

The Group is now exploring the possibility of acquiring certain equity interest in a PRC company, which is principally engaged in the provision of quality green building certification consulting services. It is expected that the acquisition will, if proceeded, (i) expand the Group's business scale and coverage; (ii) enhance the Group's market status; and (iii) increase the Group's market share and competitiveness in the PRC, which can provide a platform for the Company to develop its sustainability and environmental consultancy services in the PRC. As at the date of this report, no definite agreement in respect of the acquisition has been entered into and the transaction is still subject to further negotiation.

Significant Investments and Future Plans for Material Investments and Capital Assets

As at 30 September 2019, the Group did not hold any significant investments in equity interest in any other companies. Save as disclosed in this report and in the section headed "Future Plans and Use of Proceeds" of 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

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the six months ended 30 September 2019.

Corporate Guarantee and Pledge of Assets

As at 30 September 2019, the Group's bank borrowings were guaranteed or secured by its assets below:

(i) corporate guarantees provided by the Company; and

(ii) the pledge of the Group's bank deposits of approximately HK$5.1 million as at 30 September 2019.

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 September 2019 (31 March 2019: Nil).

Capital Commitments

As at 30 September 2019, the Group has no capital commitment (31 March 2019: purchase of intangible assets amounted to approximately HK$66,000).

Risk Management

Risk management is carried out by the Company's finance department under the 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 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 the following principal risks and uncertainties directly or indirectly. There may be other risks and uncertainties in addition to those shown below which are not presently known to the Group or currently deem immaterial but may adversely affect the Group in future.

1. Reliance on bidding for revenue

Over 90% of the Group's revenue were derived from projects awarded through bidding which are not recurrent in nature and there is no assurance that its customers will provide it with new businesses in the future. The ability of the Group to achieve success in the bidding processes will be essential to its revenue.

In view of the intense market competition, the Group's project team has dedicated more time and efforts in exploring additional business opportunities or strengthening its professional accreditations, such as:

(i) submitting bidding for other types of properties (e.g. infrastructure projects) in the sustainability and environmental consultancy sector;

(ii) encouraging its project team members to obtain the new certifications in the green building certification consultancy sector as it may increase credibility of the Group, thereby increasing its competitiveness and successful rate in bidding; and

(iii) extending its scope of services to lighting design projects in the acoustic, noise and vibration control, and audio-visual designs sector.

The Group also involved more professional staff in the bidding process of a project, including preparing fee proposal, dealing with potential clients and negotiating the service fees after the bid, in order to secure more projects on hand and to maximise the profitability of the Group which lead to a further increase in such costs.

To diversify the Group's reliance on bidding for new business, the Group also sends its project team members to collaborate with engineering consultancy companies in the industry as it planned to venture to provide services for other types of property in the sector of sustainability and environmental consultancy.

2. Keen competition

The Group faces keen competition from the other players in the market, some of which may have greater financial and other resources, larger variety of services, greater pricing flexibility, stronger brand recognition or more established and solid customer base.

3. Additional operating costs for team expansion

The Group's pricing and revenue recognition are determined based on the estimated time and costs to be involved in a project which may deviate from the actual time and costs involved and any material inaccurate estimation may adversely affect its financial results. It is essential that the Group controls and manages its costs of services carefully and effectively.

The Board understands that the costs of services include both direct labour costs and sub-contractors costs. The Board will continue to adjust the ratio of consultancy work between those outsourced to sub-contractors and performed by our in-house team with an aim to improve the service quality and to enhance our profitability.

Share Option Scheme

The Company has conditionally adopted a share option scheme (the "Share Option Scheme") by the resolutions in writing of the shareholders of the Company (the "Shareholders") on 23 September 2016. The Share Option Scheme became effective on the Listing Date. As no option had been granted since the Listing Date, there were no outstanding options as at 30 September 2019, and no options had lapsed or had been granted, exercised or cancelled under the Share Option Scheme during the six months ended 30 September 2019.

Share Award Scheme

On 8 February 2017, the Board approved a share award scheme (the "Share Award Scheme") to complement the Group's human resources policy for enhancing staff welfare benefits to ensure that talents can be retained and their productivity and potentials can be elevated. During the years ended 31 March 2017 and 2018, BOCI-Prudential Trustee Limited ("BOCI"), acting as the trustee, had purchased an aggregate of 16,000,000 issued Shares on the Stock Exchange to hold on trust for any participant selected by the administration committee. In April 2018, the Administration Committee has resolved to grant 12,100,000 shares ("the Grant Shares") to Selected Participants. The vesting of the Grant Shares is subject to the Selected Participants remaining at all times after the Grant Date and on the Vesting Date a Participant of the Company or any of its subsidiary.

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

As at 30 September 2019, 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 (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 required standard of dealings by Directors set out in 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, were as follows:

Interests in the Company

Name of Directors	Capacity	Number of Shares	Approximate percentage of shareholding
Ms. Kwok May Han Grace ("Ms. Kwok") (Note)	Interest of a controlled corporation, Beneficial owner and Interest of spouse	726,011,600 (long position)	60.50%
Mr. Wu Dennis Pak Kit ("Mr. Wu") (Note)	Interest of spouse and Beneficial owner	726,011,600 (long position)	60.50%

Note: These Shares are held by Gold Investments Limited ("Gold Investments"), a company incorporated in the BVI and the issued share capital of which is owned as to 70% by Ms. Kwok, the executive Director and the chairman of the Board and 30% by Mr. Wu, the non-executive Director and the husband of Ms. Kwok. 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.

Name of associated corporation	Name of Directors	Capacity/ Nature of interests	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 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 30 September 2019, 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.

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

As far as the Directors are aware, as at 30 September 2019, 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/Nature of interests	Number of Shares held	Approximate percentage of shareholding
Gold Investments (Note 1)	Beneficial owner	721,701,600 (long position)	60.14%
Dr. Wong Wing Ho James	Beneficial owner	109,161,600 (long position)	9.10%
City Beat Limited ("City Beat") (Note 2)	Beneficial owner	86,552,400 (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 was deemed to be interested in the same Shares held by City Beat.

Save as disclosed above, as at 30 September 2019, 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.

Rights to Acquire Shares or Debentures

At no time during the six months ended 30 September 2019 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 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 (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 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) 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, 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 (as defined below); and (2) 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").

During the six months ended 30 September 2019, 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.

Directors' Interest in Competing Business

Save and except for the interests of the Directors in the Company and its subsidiaries, during the six months ended 30 September 2019, none of the Directors had any interest in a business which competed or was likely to compete, directly or indirectly, with its business of the Group.

Corporate Governance Code

The Company is committed to maintaining good corporate governance standard and procedures. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules.

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 but there has been no chief executive of the Company 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 six months ended 30 September 2019, 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 six months ended 30 September 2019.

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

The Company did not redeem any of the Company's listed securities nor did the Company or any of its subsidiaries purchase or sell any of such securities during the six months ended 30 September 2019 and thereafter up to the date of this report.

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 INEDs, namely Mr. Li Wing Sum Steven (who is the chairman), 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.

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

Hong Kong, 12 November 2019

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 INEDs are Professor Lam Kin Che, Ms. Wong Yee Lin Elaine, Mr. Li Wing Sum Steven and Mr. Szeto Chi Hang Clive.