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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020

The board of directors (the "**Directors**" and the "**Board**", respectively) of Allied Sustainability and Environmental Consultants Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") announces the audited annual results of the Group for the year ended 31 March 2020. This announcement, containing the full text of the annual report of the Company for the year ended 31 March 2020 (the "**2020 Annual Report**"), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") in relation to the information to accompany the preliminary announcement of annual results. Printed version of the 2020 Annual Report containing the information required by the GEM Listing Rules will be despatched to the shareholders of the Company in due course.

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

Hong Kong, 24 June 2020

As at the date of this announcement, the executive Director is Ms. Kwok May Han Grace (Chairman); the non-executive Director is Mr. Wu Dennis Pak Kit; and the independent non-executive Directors are Professor Lam Kin Che, Ms. Wong Yee Lin Elaine, Mr. Li Wing Sum Steven and Mr. Szeto Chi Hang Clive.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Listed Company Information" page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the Company's website at www.asecg.com.

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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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Corporate Information

Board of Directors

Executive Director

Kwok May Han Grace *(Chairman)*

Non-Executive Director

Wu Dennis Pak Kit

Independent Non-Executive Directors

Lam Kin Che
Li Wing Sum Steven
Wong Yee Lin Elaine
Szeto Chi Hang Clive *(Appointed on 4 June 2019)*

Company Secretary

Siu Chun Pong Raymond

Compliance Officer

Kwok May Han Grace

Board Committees

Audit Committee

Li Wing Sum Steven *(Chairman)*
Lam Kin Che
Wong Yee Lin Elaine

Nomination Committee

Kwok May Han Grace *(Chairman)*
Li Wing Sum Steven
Wong Yee Lin Elaine
Lam Kin Che
Wu Dennis Pak Kit

Remuneration Committee

Wong Yee Lin Elaine *(Chairman)*
Li Wing Sum Steven
Lam Kin Che
Kwok May Han Grace
Wu Dennis Pak Kit

Environmental, Social and Governance Committee

Kwok May Han Grace *(Chairman)*
Wu Dennis Pak Kit
Li Wing Sum Steven
Lam Kin Che
Wong Yee Lin Elaine

Risk Management Committee

Kwok May Han Grace *(Chairman)*
Wu Dennis Pak Kit
Li Wing Sum Steven
Lam Kin Che
Wong Yee Lin Elaine

Authorised Representatives

Kwok May Han Grace
Siu Chun Pong Raymond

Company's Website

http://www.asecg.com

Auditor

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801-806 Silvercord, Tower 1
30 Canton Road, Tsimshatsui
Kowloon
Hong Kong

Legal Adviser

Raymond Siu & Lawyers
Units 1302-3 & 1802, Ruttonjee House
11 Duddell Street, Central, Hong Kong

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

27/F, Overseas Trust Bank Building
160 Gloucester Road
Wan Chai
Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Des Voeux Road Central Branch
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

DBS Bank (Hong Kong) Limited
11/F., The Center
99 Queen's Road, Central
Hong Kong

Principal Share Registrar and Transfer Office in the Cayman Islands

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Boardroom Share Registrars (HK) Limited
2103B 21/F, 148 Electric Road
North Point
Hong Kong

Stock Code

8320

Financial Highlights

Revenue of the Group increased from approximately HK$30.1 million for the year ended 31 March 2019 to approximately HK$42.5 million for the year ended 31 March 2020, representing an increase of 41.1%. The increase in revenue was mainly driven by adjustments of tender prices, increment of new contracts awarded and substantial progress of the contracted services work of our on-going projects attained in the segments of (1) green building certification consultancy and (2) acoustics, noise and vibration control and audio-visual design consultancy. The increase of revenue of both segments were approximately HK$9.3 million and HK$3.0 million respectively.

The net profit after income tax of the Group for the year ended 31 March 2020 amounted to approximately HK$0.8 million, as compared with the net loss after income tax of approximately HK$9.9 million for the year ended 31 March 2019, mainly attributed to (i) the increase in the total revenue of the Group by approximately HK$12.4 million from approximately HK$30.1 million for the year ended 31 March 2019 to approximately HK$42.5 million for the year ended 31 March 2020; (ii) more reasonably utilizing on subcontracting services of ecology, green building certification, environmental impact monitoring and laboratory testing works for the year ended 31 March 2020 as the Group did have sufficient in-house professional staff on these aspects, and (iii) the Group's continuous implementation of stringent cost control by streamlining operations, rationalizing overheads and strengthening cost control on professional services fee.

The board of Directors (the "Board") has resolved not to declare the payment of any final dividend for the year ended 31 March 2020.

Chairman's Statement

Dear Valued Shareholders,

On behalf of the board of Directors (the "Board"), it gives me great pleasure to present to you the audited consolidated results of Allied Sustainability and Environmental Consultants Group Limited (the "Company") and its subsidiaries (together referred to as the "Group" or the "AEC Group") for the year ended 31 March 2020 (the "Year").

Kwok May Han, Grace
Chairman and Executive Director

Strengthen the Group's Market Position in the Green Building Consultancy Market in Hong Kong and the Mainland China

During the last financial year, building on our solid foundation, brand strength and core industry competitiveness, our Group continued to do its utmost to maintain the leading position in the industry, with an aim to ensure consistent business growth and steer continuous market development, thereby creating higher value for the shareholders. The effort has paid off that a number of our green building projects received industry recognition and won various awards during the Year. In November 2019, seven of our projects have received industry acknowledgement in the Green Building Award 2019 initiated by the Hong Kong Green Building Council ("HKGBC") and Professional Green Building Council ("PGBC"). One of the projects, One, Two & Three Exchange Square and The Forum, in which we were involved as the environmental and sustainability consultant, has achieved the greatest honor of Grand Award in the existing building category. One month later, eleven of our building projects have earned the recognition in the BEAM Plus Certification Ceremony 2019 co-organized by HKGBC and BEAM Society Limited ("BSL"), highly recognizing our efforts and outstanding performance in driving green building movement. All these awards recognized our professionalism as well as our leading position as a sustainability and green building consultant in the market. In addition, there has been a growing business in healthy building design and consultancy services covering WELL Building Standard, a building certification that focuses exclusively on human health and wellness. In line of this trend, the AEC Group promises to continue participating in more green and healthy building projects in the hopes of shaping a more sustainable and healthy future for all the stakeholders in the community.

Apart from standing firm and erect as a commanding role in Hong Kong's green building industry, AEC Group is also spreading our wings to explore more business opportunities in the mainland China. In December 2019, the Group has entered into the Capital Injection and Equity Transfer Agreement with Beijing Dashi Derun Energy Technology Co. Ltd., a private company which is principally engaged in the provision of green building and environmental consulting services in the mainland China. The Group is optimistic that this investment provides an opportunity to optimize the Group's business structure, market share, projects portfolio and influence in the green building consultancy market and the overall quality of its services. It will produce synergy effect in, in particular, increasing the corporate competitiveness in some of the Tier-1 cities in the mainland China such as Beijing and Shanghai. It will also allow the Group to create greater benefits, value and rewards for its shareholders.

Deliver Award-winning Environmental, Social and Governance ("ESG") Reporting and Consultancy Service

Since November 2015, the Group has been striving to provide quality ESG reporting and consultancy service to listed companies covering a variety of industries, where our diversified client pool ranges from various business sectors in Greater China and across the continents. During the past financial year, we have also provided major developers with sustainability strategies and ESG advisory services covering international sustainability assessment standards such as Global Real Estate Sustainability Benchmark ("GRESB") as a way to further enhance our ESG reporting and consultancy services. This enhanced service has reflected our commitment to improve clients' sustainability performance by fulfilling their demands and taking up new challenges. In addition, our Group has established itself as a good role model in advocating sustainability, as we were awarded the InnoESG Prize 2019 in November 2019, recognizing our contribution in the areas of ESG and our full support and implementation towards sustainability initiatives. Since our latest ESG report published last year, the Group has mapped Sustainable Development Goals ("SDGs") with our projects and services as a way to strengthen our sustainability communications with investors and other stakeholders. We promise we will uphold the idea of sustainability and continue to assist clients in realizing the benefits of sustainable development through our enhanced ESG reporting and consultancy services.

Provide Comprehensive Consultancy Services to All Sectors

In addition to the green building and ESG business segments, the Group has extensive experience in providing a variety of sustainability and environmental consultancy services, such as microclimate studies for public housing developments, statutory environmental impact assessment studies for designated projects and innovative noise mitigation design solutions for residential developments. During the Year, the Group has also demonstrated its capability of providing integrated design services covering lighting, acoustic and audio-visual designs through completing numerous integrated design projects. Given the Group's all-round capabilities of providing various consultancy services, we are prepared for growing business opportunities driven by the city's continuous development as well as the higher standard of environmental protection required.

Expand the Group's Business Scopes and Provide One-stop On-demand Services Covering Five Business Areas

In addition to the Group's extensive experience in providing sustainability and environmental consultancy service, it is important for the Group to explore further opportunities to offer one-stop on-demand services to provide environmental solutions and products. Therefore, during the Year, the Group has enriched the business scope by adding Smart and Green Internet of Things ("IoT") into our portfolio. The Group started strategic collaboration with other business partners to offer a variety of green solutions and products related to green building and smart building, in order to facilitate day-to-day environmental management process.

Prospect

It is AEC Group's all-time commitment of continuing to serve Hong Kong and benefit the society in the future, and also our vision to expand the business to all over the world. Apart from the market in Hong Kong, AEC Group is endeavoring to expand our project portfolio across the Southeast Asia and other regions in the long run, under the development plan of the Belt and Road Initiative. During the Year, the Group has successfully secured a green building consultancy contract in Yangon, Myanmar, which laid the foundation for our vision to expand our business. The Group will continue to look for other possible opportunities to develop its business to different countries and regions to expand its geographical coverage of environmental consultancy, solutions and products.

According to the consultation conclusion on "Review of the ESG Reporting Guide and related Listing Rules" published by the Stock Exchange in December 2019, a number of significant improvements to the ESG governance and disclosure framework for Hong Kong-listed companies have been put forward to support and improve listed companies' governance and disclosure of ESG activities and metrics, which will take effect from July 2020. 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.

Furthermore, in May 2020, the Hong Kong Monetary Authority ("HKMA") and the Securities and Futures Commission ("SFC") initiated the establishment of the Green and Sustainable Finance Cross-Agency Steering Group, which aims to coordinate the management of climate and environmental risks to the financial sector, accelerate the growth of green and sustainable finance in Hong Kong and support the Government's climate strategies. Therefore, with the growing awareness on green finance and investment, it is believed there will be higher demand for green finance consultancy services and it shall introduce more business opportunities to the Group. As a result, the Group will judge the hour and size up the situation, as well as identify and seize the opportunities for the interests of all the shareholders.

After the outbreak of COVID-19 all over the world, people start to take action and focus on public health and overall well-being, and the collective ability to prepare for and respond to global health challenges such as COVID-19. Meanwhile, climate change has posed various threats to our living environment, including rising temperature and extreme weather conditions. When it comes to facing these interconnected crises, a green recovery from the COVID-19 pandemic could help address both human and planetary health issues. The Group believes that there will be more business opportunities for green and healthy buildings in the long run, and we will continue to look for opportunities to participate in these projects so as to join hands with all sectors to shape a healthy and sustainable built environment.

Appreciation

On behalf of the Board and our management team, I would like to take this opportunity to express my sincere gratitude to all the shareholders, business partners and customers for their generous support over the past financial year. My heartfelt appreciation also goes to all the Directors for their contributions, and all the staff members for their unfailing support and dedication. 2019 was the 25th anniversary of the Group, together with our new company logo and office place, signifying our Group's new page after 25 years of effort and evolution. Leveraging on what the Group has achieved over the past quarter century, I believe that the Group will continue to build on its strengths, keep abreast of industry trends, and grasp new business opportunities in the increasingly competitive market in the years to come.

Kwok May Han Grace
Chairman and Executive Director

24 June 2020

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 related 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 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 four business segments contributed approximately 44.9%, 24.9%, 21.2% and 9.0% to the Group's total revenue for the year ended 31 March 2020, 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).

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.

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.

ESG Reporting and Consultancy

This segment provides consultancy services on ESG Reporting for companies listed on the Stock Exchange, which is required by the Stock Exchange to encourage listed companies to identify and disclose additional 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.

Prospects

To establish a niche in the increasingly competitive market, the Group is improving its competitive position by expanding 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 Mainland China, the Group has been exploring business opportunities through tendering and submitting bids. In addition, the Group is actively exploring development and acquisition opportunity in other Tier-1 cities in Mainland China such as Beijing, Shanghai and Shenzhen in the areas of environmental solutions, indoor air quality solutions and products, building management systems, green building solutions and products, etc. In order to expand its coverage and keep pace with the rising market demand for environmental consultancy, solutions and products in the PRC, Qianhai Allied Environmental Consultants Shenzhen Company Limited entered into the Capital Injection and Equity Transfer Agreement with Mr. Shen Hong Ming, Shenzhen Dashi Intellitech Co., Ltd., Mr. Li Kui and Beijing Dashi Derun Energy Technology Co. Ltd. ("Beijing Dashi") in December 2019, pursuant to which the Group would acquire an aggregate of approximately 31.5789% equity interest in Beijing Dashi and further subscribe for additional equity interest (on an enlarged basis) by contributing capital injection to Beijing Dashi ("the Acquisition and Capital Injection"). It is expected that upon completion, the Acquisition and Capital Injection will (i) expand the Group's business scale and geographical coverage; (ii) enhance the Group's market influence; and (iii) increase the Group's market share and competitiveness, which can provide a good platform to develop sustainability and environmental consultancy services. As the projects of Beijing Dashi are mainly located in Tier-1 cities in the PRC, the Acquisition and Capital Injection will further facilitate the Group's regional development in those cities.

Furthermore, the Group will strive to (i) establish and develop 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 working capital.

In the coming year, the Group intends to provide clients with innovative software 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 client will be 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.

Financial Review

Revenue

The total revenue of the Group increased from approximately HK$30.1 million for the year ended 31 March 2019 to approximately HK$42.5 million for the year ended 31 March 2020, representing an increase of approximately 41.1%. As at 31 March 2020, the Group had 401 projects on hand, the aggregate contract sum of which amounted to approximately HK$155.6 million.

The revenue of green building certification consultancy increased by 94.2% from approximately HK$9.8 million for the year ended 31 March 2019 to approximately HK$19.1 million for the year ended 31 March 2020, which 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 increased by 0.2% from approximately HK$10.5 million for the year ended 31 March 2019 to approximately HK$10.6 million for the year ended 31 March 2020 which was mainly due to keen competition in this segment.

The revenue of acoustics, noise and vibration control and audio-visual design consultancy increased by approximately 50.1% from approximately HK$6.0 million for the year ended 31 March 2019 to approximately HK$9.0 million for the year ended 31 March 2020. Such improvement in revenue was attributable to (i) increment of new contracts awarded; and (ii) the substantial progress achieved in the projects in this segment.

The revenue of ESG reporting and consultancy slightly increased by approximately 2.0% from approximately HK$3.7 million for the year ended 31 March 2019 to approximately HK$3.8 million for the year ended 31 March 2020. Such improvement in revenue was attributable to the substantial progress achieved in the projects in this segment.

The table below sets forth the breakdown of the revenue by segment for each of the years ended 31 March 2019 and 2020:

	2020		2019	
	HK$'000	**%**	HK$'000	%
Green building certification consultancy	**19,088**	**44.9**	9,831	32.6
Sustainability and environmental consultancy	**10,563**	**24.9**	10,537	35.0
Acoustics, noise and vibration control and audio-visual design consultancy	**9,040**	**21.2**	6,022	20.0
ESG reporting and consultancy	**3,806**	**9.0**	3,730	12.4
Total	**42,497**	**100.0**	30,120	100.0

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 slightly by approximately 5.6% from approximately HK$20.4 million for the year ended 31 March 2019 to approximately HK$21.6 million for the year ended 31 March 2020.

The Group's gross profit increased by approximately 115.9% from approximately HK$9.7 million for the year ended 31 March 2019 to approximately HK$20.9 million for the year ended 31 March 2020. The increase in the gross profit was mainly due to (i) the progress of the green building certification consultancy services work of the Group's on-going projects attained in the year was faster than expected; (ii) a general upward adjustment of tender price; and (iii) strengthened cost control on subcontracting cost of ecology, green building certification, environmental impact monitoring and laboratory testing services for the year ended 31 March 2020, because the Group did have sufficient in-house professional staff on these aspects.

Administrative Expenses

The Group's administrative expenses decreased by approximately 7.2% from approximately HK$20.0 million for the year ended 31 March 2019 to approximately HK$18.6 million for the year ended 31 March 2020 as a result of the Group's continuous implementation of stringent cost control by streamlining operation, 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$0.8 million for the year ended 31 March 2020 as compared to the loss of approximately HK$9.9 million for the corresponding period in 2019 which was mainly attributed to (i) the increase in the total revenue of the Group by approximately HK$12.4 million from approximately HK$30.1 million for the year ended 31 March 2019 to approximately HK$42.5 million for the year ended 31 March 2020 and (ii) 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 of our on-going green building certification consultancy projects attained for the year ended 31 March 2020.

Net Cash Used in Operating Activities

The Group's net cash used in operating activities for the year ended 31 March 2020 was approximately HK$1.7 million, whereas there was net cash used in operating activities of approximately HK$8.0 million for the year ended 31 March 2019. The significant decrease was mainly due to improvement in billing process and account receivable management.

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 its working capital needs. As at 31 March 2020, the Company had approximately HK$8.1 million in cash and bank balances (31 March 2019: approximately HK$17.0 million), representing a decrease of approximately HK$8.9 million as compared to that as at 31 March 2019. The decrease was mainly due to the effect of (i) payments for leasehold improvement of approximately HK$1.4 million; (ii) payment for purchase of equity investment HK$3.0 million; and (iii) rental payment of approximately HK$2.6 million.

The Company 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 31 March 2020, the Group had banking facilities in an aggregate amount of approximately HK$6.5 million, of which approximately HK$3.5 million was utilised.

Dividend

The Board has resolved not to declare any final dividend in respect of the year ended 31 March 2020 (31 March 2019: Nil).

Employees and Remuneration Policies

As at 31 March 2020, the Company had a total of 56 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 the role and function, 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.

The Company adopted a Share Option Scheme on 23 September 2016 and a Share Award Scheme on 8 February 2017 to complement its human resources policy for enhancing staff (including directors, employees, officers, consultants, etc.) welfares to ensure talents can be retained and their productivity and potentials can be elevated.

Gearing Ratio

The gearing ratio of the Group, calculated as total borrowings divided by total share capital and reserves, was approximately 5.4% as at 31 March 2020 (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 position and consider natural hedge technique to manage its foreign currency exposures by non-financial methods, managing the transaction currency, leading and lagging payments and receivables management, etc. The Company did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the year ended 31 March 2020.

Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 March 2020. The Group strives to reduce its 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 held and Future Plans for Material Investments and Capital Assets

As at 31 March 2020, the financial assets at fair value through other comprehensive income ("FVTOCI") of the Group amounted to approximately HK$1.2 million.

As at 31 March 2020, the Company held 2,368,000 shares in Sanbase Corporation Limited ("Sanbase", a company listed on GEM of the Stock Exchange, stock code: 8501), representing approximately 1.1% of its then total issued shares. The fair value of such shares represented approximately 1.8% to the Group's audited net assets as at 31 March 2020, 1.4% to the Group's audited total assets as at 31 March 2020 and 100% to the Group's total securities investments as at 31 March 2020. During the year ended 31 March 2020, the Company received an aggregate of approximately HK$70,000 as dividend paid by Sanbase.

Further details of the fair value of such investment in Sanbase are as follows:

Carrying amount as at 1 April 2019 HK$'000	Acquisition during the year ended 31 March 2020 HK$'000	Decrease in investment revaluation reserve HK$'000	Carrying amount as at 31 March 2020 HK$'000
3,334	52	2,225	1,161

Sanbase is an investment holding company and its subsidiaries are principally engaged in the provision of interior fit-out solutions in Hong Kong and the PRC. According to the annual result announcement of Sanbase for the year ended 31 March 2020, it recorded revenue of approximately HK$638.0 million (audited) and net profit after income tax of approximately HK$21.7 million (audited). According to the annual report of Sanbase for the year ended 31 March 2019, it recorded revenue of approximately HK$650.5 million and profit after income tax of HK$30.3 million.

The Company disposed of 2,280,000 shares in Sanbase by a series of transactions on the open market on 19 May 2020. For details, please refer to the section headed "Events After Reporting Period" on page 21 of this report. After the disposals and as of the date of this annual report, the Company still held 576,000 shares of Sanbase, representing 0.3% of its total issued shares.

Save as disclosed above, 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" in the prospectus of the Company dated 30 September 2016 (the "Prospectus"), and the section headed "Use of Proceeds from the Listing" set out on pages 17 to 21 of this report, the Group had no definite future plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries, Associates or Joint Ventures

On 18 December 2019, 前海沛然環保顧問深圳有限公司 (Qianhai Allied Environmental Consultants Shenzhen Company Limited), an indirect wholly-owned subsidiary of the Company ("Purchaser"), entered into a capital injection and equity transfer agreement with Mr. Shen Hong Ming ("Vendor"), 深圳達實智能股份有限公司 (Shenzhen Dashi Intellitech Co., Ltd.), Mr. Li Kui and 北京達實德潤能源科技有限公司 (Beijing Dashi Derun Energy Technology Co. Ltd, as the target company) ("Target Company"), pursuant to which the Vendor agreed to sell an aggregate of approximately 31.5789% equity interest in the Target Company and the Purchaser agreed to acquire the same and further subscribe for additional equity interest by contributing capital injection to the Target Company at a total consideration of RMB7,000,000.

The Target Company is a private company principally engaged in providing green building and environmental consulting services in the PRC. The Directors expected that the said acquisition and capital injection would (i) expand the Group's business scale and coverage; (ii) enhance the Group's market influence; and (iii) increase the Group's market share and competitiveness in the PRC.

Upon completion, the Target Company will be owned as to 35.0% by the Purchaser and the financial results of the Target Company will be included into the consolidated financial statements of the Group as share of results of an associate. As at the date of this report, completion of such acquisition and capital injection has not yet taken place.

The above transaction constituted a discloseable transaction of the Company. Further details of the acquisition are set out in the Company's announcement dated 18 December 2019.

Save as disclosed above, the Group had no other material acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 March 2020.

Corporate Guarantee and Pledge of Assets

As at 31 March 2019 and 2020, the Group's bank borrowings were guaranteed or secured by the following assets:

(i) corporate guarantees provided by the Company; and

(ii) the pledge of the Group's bank deposits of approximately HK$5 million.

Contingent Liabilities

As at 31 March 2020, the Group had no significant contingent liabilities (31 March 2019: Nil).

Capital Commitments

During the year ended 31 March 2020, the Group has committed to acquire an aggregate of approximately 31.5789% equity interest in the Target Company by acquisition of existing equity interest and subscription for additional equity interest by capital injection to the Target Company at a total consideration of RMB7,000,000 (as at 31 March 2019: purchase of intangible assets amounted to approximately HK$66,000).

Financial Risk Management

Risk management is carried out by the Company's finance department pursuant to 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 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 set out below which are not presently known to the Group or are currently considered to be 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 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 Company'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 clients may award extra score to companies with certified staff, thereby increasing the Company's 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 Company has 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 Company which may lead to a further increase in such costs.

To reduce the Company's reliance on bidding for new business, the Company has also sent its project team members to team up with engineering consultancy companies in the industry as it plans to venture to provide services for other types of property in the sector of sustainability and environmental consultancy and submit proposal for tender projects offered by property developers and the Government.

Principal Risks and Uncertainties (Continued)

2. *Keen competition*

There is no legal entry barrier to the industry. The Group faces keen competition from the other players in the market, some of which may have greater financial and other resources, a larger variety of services, greater pricing flexibility, stronger brand recognition or more established and solid customer base.

3. *Additional operating costs for team expansion*

In view of the intense competition in the market, the Group has further strengthened and expanded its in-house team of professional staff. The expansion of the in-house team resulted in a decrease in gross profit. There is a risk that incurrence of such additional costs might not generate revenues proportionately.

The Board is of the view that the new staff members can strengthen the Group's ability to secure bids in the future and maintain its relationship with existing clients. They can also share their work experience they gained with their previous firms and bring synergy to the Group. The Board thus believes that the expansion of its in-house team is beneficial to the gross profit margin in the future.

Furthermore, 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 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 the in-house team with an aim to improve the service quality and to enhance our profitability.

Use of Proceeds from the Listing

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

Proposed use of Net Proceeds	Original allocation of the Net Proceeds HK$'000	Approximate percentage of total Net Proceeds	Actual use of Net Proceeds up to 31 July 2018 HK$'000	Unused Net Proceeds up to 31 July 2018 (before the Change) HK$'000	Revised use of Net Proceeds	Revised allocation of unused Net Proceeds (after the Change) HK$'000	Reasons for the revised use and allocation of Net Proceeds as stated in the announcement of the Company dated 9 August 2018
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.
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 to the use of Net Proceeds from the IPO (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) 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) as stated in the announcement of the Company dated 25 March 2019
Expand into the PRC market through acquisition or establishment of subsidiaries	13,313	13,268	Acquisition and development of subsidiaries in the PRC for green building certification and environmental consultancy services which the target company has operations in both Northern and Southern China.	12,500	The revised use of proceeds is to better reflect the Company's current direction of expansion. The allocation of proceeds is adjusted downward because under the recent preliminary term sheet signed in relation to an acquisition of a target company, the funding needs are not expected to exceed HK$12.5 million.
Acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business	5,800	5,800	Acquisition and development of subsidiaries or associate companies in Hong Kong for ESG consultancy services business.	3,000	The Company cannot locate a suitable acquisition target for acoustics and lighting business. Alternatively, the Company has set up its own subsidiary for development of lighting business. Due to outstanding growth of ESG consultancy services business in the 2 years preceding the Second Change in UOP, 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) 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) as stated in the announcement of the Company dated 25 March 2019
Further expand and develop the Group's services to ESG and further strengthen and expand the Group's in-house team of professional staff	3,634	476	Transferred from the original purpose of acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business	2,176	The extra amount of HK$1.7 million (available from the reduced amount of HK$3.0 million used in acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business) is applied towards the Group's further expansion of ESG consultancy service since the Company anticipates that it is unlikely to identify another suitable acquisition target in the near future.
Provide funding for the Group's working capital and other general corporate purposes	879	–	Transferred from the original purpose of acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business and expand into the PRC market through acquisition or establishment of subsidiaries	1,868	This extra amount of approximately HK$1.0 million is available from the reduced amount of HK$3.0 million used in acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business and the reduced amount of HK$12.5 million for proposed use of expanding into the PRC market through acquisition or establishment of subsidiaries since the Company anticipates that it is unlikely to identify another suitable acquisition target in the near future.
Total	23,626	19,544		19,544	

On 20 December 2019, the Company has resolved to have a third change to the use of Net Proceeds from the IPO (the "Third Change in UOP"). Details of the Third Change in UOP are set out as follows:

Proposed use of Net Proceeds as disclosed in the Prospectus	Use of Proceeds (as revised by the Second Change in UOP) HK$'000	Unused Net Proceeds up to 20 December 2019 (before the Third Change in UOP) HK$'000	Revised allocation of unused Net Proceeds (the Third Change in UOP)	Revised allocation of unused Net Proceeds after Third Change in UOP HK$'000	Reasons for the revised use and allocation of Net Proceeds (the Third Change in UOP)
Expand into the PRC market through acquisitions or establishment of subsidiaries	12,500	12,500	Acquisitions and development of subsidiaries in the PRC for green building certification and environmental consultancy services for which the target company has operations in both Northern and Southern China.	7,800	The revised use of proceeds is to better reflect the Company's current direction of expansion. The allocation of proceeds is adjusted downward because the valuation of target company was less than expected and upon negotiations with the counterparties, it was agreed that less equity interest will be acquired under the revised capital injection and equity transfer agreement signed on 18 December 2019 in relation to an acquisition of and capital injection in ("Acquisition") 35% equity interest of a target company (namely Beijing Dashi Derun Energy Technology Co. Ltd. (北京達實德潤能源科技有限公司)) at the total consideration of RMB7,000,000 (equivalent to approximately HK$7,700,000).
Acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business	3,000	–		–	
Further expand and develop the Group's services to ESG and further strengthen and expand the Group's in-house team of professional staff	2,176	–		–	
Provide funding for the Group's working capital and other general corporate purposes	1,868	–	Transferred from the original purpose of expanding into the PRC market through acquisitions or establishment of subsidiaries.	4,700	The Board is of the view that the unutilised net proceeds of approximately of HK$4.7 million originally allocated to expand into the PRC market through acquisitions or establishment of subsidiaries shall now be better utilised to meet the current needs on financial activities of the Group. The re-allocation of the unutilised net proceeds could provide a better allocation of cash resources and strategic planning on working capital allocation and future investment opportunities. The proposed change is in line with the business strategy of the Group and will meet the financial needs of the Group more efficiently. It will also enhance the flexibility in the financial management of the Company.
Total	19,544	12,500		12,500	

As at 31 March 2020, the Net Proceeds have been applied and utilized as follows:

Proposed use of Net Proceeds after the Third Change in UOP	Note	Adjusted planned use of Net Proceeds HK$'000	Approximate percentage of total remaining unutilised Net Proceeds	Actual use of Net Proceeds up to 31 March 2020 HK$'000	Unused Net Proceeds up to 31 March 2020 HK$'000
Expand into the PRC market through acquisition or establishment of subsidiaries	1	7,800	62.4%	–	7,800
Provide funding for the Group's working capital and other general corporate purposes		4,700	37.6%	4,700	–
Total		12,500	100%	4,700	7,800

Note 1: The actual use of the HK$7.8 million was slower than planned because the relevant parties were still in the course of preparing and obtaining various completion documents and completion of the Acquisition has not yet taken place as of the date of this annual report.

Events After Reporting Period

Placing of shares under general mandate on 15 April 2020

On 15 April 2020, the Company entered into a placing agreement with Emperio Securities and Assets Management Limited ("Placing Agent") to place, on a best efforts basis, up to 150,000,000 placing shares at the placing price of HK$0.049 per placing share. The placing shares were to be allotted and issued pursuant to the general mandate granted to the Directors pursuant to the ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 12 August 2019 to allot, issue and deal with up to a maximum of 240,000,000 Shares ("General Mandate").

The said placing agreement lapsed on 30 April 2020 and has ceased to have any effect therefrom, and the placing thereunder did not proceed.

For details of the intended placing, please refer to the announcements of the Company dated 15 April 2020 and 29 April 2020.

Disposal of listed securities on 19 May 2020

On 19 May 2020, AEC Group Limited, a wholly-owned subsidiary of the Company, sold an aggregate of 2,280,000 ordinary shares in the share capital of Sanbase Corporation Limited ("Sanbase"), representing approximately 1.1% of the entire issued share capital of Sanbase, through a series of transactions on the open market at an aggregate consideration of HK$1,299,600 (exclusive of transaction costs) at the selling price of HK$0.57 per share of Sanbase. Immediately after the disposals, the Company continued to hold 576,000 shares of Sanbase, representing approximately 0.3% of the entire issued share capital of Sanbase, for investment purpose.

The Directors considered that the disposals provided the Group with a good opportunity to realise a portion of the Company's investment in Sanbase for the Group's general working capital and enhanced liquidity.

The disposals constituted a discloseable transaction of the Company under the GEM Listing Rules. For details of the disposals, please refer to the announcement of the Company dated 19 May 2020.

Placing of shares under general mandate on 5 June 2020

On 15 May 2020, the Company entered into another placing agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 120,000,000 placing shares at the placing price of HK$0.052 per placing share to not less than six placees who are professional, institutional, or other investors who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons, where the placing shares were to be allotted and issued pursuant to the General Mandate.

The Directors were of the view that the placing represented a good opportunity for the Company to broaden its shareholders' base and raise additional funds at a reasonable cost.

Completion of the placing took place on 5 June 2020 upon which a total of 120,000,000 placing shares have been successfully placed by the Placing Agent to not less than six placees pursuant to the terms and conditions of the placing agreement. Net proceeds in the amount of approximately HK$5,200,000 has been used for general working capital for the Group including for payroll of employees, rental payment and office expenses in the aggregate amount of approximately HK$2.5 million per month. As at the date of this report, HK$0.5 million (unaudited) has been utilized as intended.

For details of the placing, please refer to the announcements of the Company dated 15 May 2020 and 5 June 2020.

Save as disclosed above, the Group has no other significant events subsequent to 31 March 2020 and up to the date of this report.

Disclosures under rules 17.22 to 17.24 of the GEM Listing Rules

As at 31 March 2020, there is no circumstance which would give rise to a disclosure obligation on the part of the Group under Rules 17.22 to 17.24 of the GEM Listing Rules.

Disclosure of change of Directors' Information

The Directors are not aware of any change in the information in respect of Directors, supervisors and chief executives required to be disclosed pursuant to Rule 17.50A of the GEM Listing Rules during the year ended 31 March 2020.

The Directors submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 March 2020.

Principal Activities and 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's principal place of business is at 27/F, Overseas Trust Bank Building, 160 Gloucester Road, Wan Chai, Hong Kong.

The Company is an investment holding company. During the year ended 31 March 2020, 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"). Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"), including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments of the Group's business, are set out in the Management Discussion and Analysis set out on pages 9 to 22 of this annual report. This discussion forms part of this Directors' report. The Board has resolved not to declare the payment of any final dividend in respect of the year ended 31 March 2020.

Results and Appropriations

The financial performance of the Group for the year ended 31 March 2020 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 59 to 123 of this annual report.

Non-Competition Undertaking by Controlling Shareholders

Each of the controlling shareholders (as defined under the GEM Listing Rules) of the Company, i.e. Gold Investments Limited, Ms. Kwok May Han, Grace and Mr. Wu Dennis Pak Kit (the "Controlling Shareholders"), 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 Shares, they will not, and will procure their associates (other than members 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") 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.

During the year ended 31 March 2020, none of the Controlling Shareholders or their respective associates 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.

The Controlling Shareholders have confirmed to the Company that during the year ended 31 March 2020, they and their respective associates have complied with the undertakings contained in the Deed of Non-competition.

Directors' Interest in Competing Business

Save and except for the interests of our Directors in our Company and its subsidiaries, during the year ended 31 March 2020, none of our Directors had any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business,

Environmental Policy

The Group recognizes its responsibility to protect the environment from its business activities. The Group has endeavoured to comply with the laws and regulations regarding environmental protection and encourages environmental protection and promotes awareness towards environmental protections among our staff.

Dividend Policy

The Group has adopted a dividend policy ("Dividend Policy") to enhance the transparency of the Company and to facilitate its shareholders ("Shareholders") and investors to make informed investment decisions relating to the Company. According to the Dividend Policy, in addition to final dividends, the Company may declare interim dividends or special dividends to the Shareholders from time to time. The recommendation of the payment of any dividend is subject to the absolute discretion of the Board. In proposing any dividend payout, the Board will take into account, inter alia, the Group's general financial position, current and future operations, working capital requirements, liquidity position and any other factors it may deem relevant from time to time. Any payment of the dividend by the Company is also subject to the applicable laws of the Cayman Islands and the articles of association of the Company.

The Dividend Policy will continue to be reviewed from time to time and there is no assurance that any dividend will be paid in any particular amount for any given period or that the Company is obliged to declare any dividend at any time or from time to time.

Key Relationship with Customers and Suppliers

The Group maintains good relationship with its customers and suppliers. During the year ended 31 March 2020, there was no dispute between the Group and its customers and suppliers.

Major Customers and Suppliers

The information in respect of the Group's sales and subcontracting cost attributable to the major customers and suppliers respectively during the year ended 31 March 2020 is as follows:

	Percentage of the Group's total	
	Revenue	Subcontracting cost
The largest customer	5.2%	N/A
Five largest customers in aggregate	22.6%	N/A
The largest supplier	N/A	17.7%
Five largest suppliers in aggregate	N/A	63.7%

At no time during the year have the Directors, their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the number of issued Shares) had any interest in these major customers and suppliers.

Reserves

Details of movements in the reserves of the Group during the year ended 31 March 2020 are set out in note 30 to the consolidated financial statements and in the consolidated statement of changes in equity included in this annual report.

Distributable Reserves

Pursuant to the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and reserved) of the Cayman Islands, share premium of the Company is distributable to the shareholders. As at 31 March 2020, the Company's reserve available for distribution to equity shareholders of the Company amounted to approximately HK$15.4 million. (As at 31 March 2019: approximately HK$20.0 million).

Share Capital

Details of the movements in share capital of the Company during the year ended 31 March 2020 are set out in note 29 to the consolidated financial statements of this annual report.

Capital Expenditure

The Company purchased property, plant and equipment and right-of-use assets amounting to approximately HK$12.2 million for the year ended 31 March 2020 which comprised acquisition of furniture, fixtures and office equipment and right-of-use of leased properties and office equipment.

Directors

The Directors during the year ended 31 March 2020 were:

Chairman and Executive Director

Ms. Kwok May Han Grace

Non-executive Director

Mr. Wu Dennis Pak Kit

Independent non-executive Directors

Professor Lam Kin Che
Ms. Wong Yee Lin Elaine
Mr. Li Wing Sum Steven
Mr. Szeto Chi Hang Clive *(Appointed on 4 June 2019)*

Further details of the Directors are set forth in the section headed "Biographical Details of Directors and Senior Management" of this report. To the best knowledge of the Directors, save as disclosed under the section headed "Biographical Details of Directors and Senior Management", there is no financial, business, family or other material or relevant relationships among members of the Board.

No Director who is required to retire by rotation and offer himself or herself for re-election at the forthcoming annual general meeting of the Company (the "Annual General Meeting") has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

Debenture

The Group has not issued any debentures during the year ended 31 March 2020.

Equity-linked Agreements

Details of the equity-linked agreements entered into during the year ended 31 March 2020 or subsisting as at 31 March 2020 are set out below:

Share Option Scheme

The Company has adopted a share option scheme (the "Share Option Scheme") by the resolutions in writing of the Shareholders on 23 September 2016. No options had lapsed or had been granted, exercised or cancelled under the Share Option Scheme during the year ended 31 March 2020. As at 31 March 2020, there was no outstanding option under the Share Option Scheme.

Equity-linked Agreements (Continued)

Share Option Scheme (Continued)

1.	Purpose	(i) to motivate the Eligible Participants (defined below) to optimise their performance efficiency for the benefit of the Group; and (ii) to 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.
2.	Who may join	(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (ii) any Directors (including executive Directors, 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, each an "Eligible Participant".
3.	Maximum number of Shares	120,000,000 Shares, being 10% of the total number of Shares in issue immediately following completion of the placing on the Listing Date.
4.	Maximum number of options which may be granted to any one individual	1% of the Shares in issue as of the date of grant in any 12-month period up to the date of grant.
5.	Period within which the securities must be taken up under an option	An option may be exercised in accordance with the terms of the Share Option Scheme and the terms of grant as may be determined by the Directors provided that no option may be exercised after the expiry of 10 years from the date of grant.
6.	Minimum period or performance target for which an option must be held before it can be exercised	There is no such requirement imposed by the Share Option Scheme, provided that the Directors may impose such requirement upon grant of the option on which the option is deemed to be granted and accepted.
7.	Amount payable on application or acceptance of the options	Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant.
8.	Exercise price of Shares	The exercise price must not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.
9.	Remaining life of the scheme	Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme will expire on 22 September 2026, provided that the provision of the Share Option Scheme shall remain in force to the extent of any option granted prior thereto.

Equity-linked Agreements (Continued)

Share Award Scheme

On 8 February 2017 (the "Adoption Date"), the Company approved the adoption of a share award scheme (the "Share Award Scheme") to complement its human resources policy for enhancing staff welfares to ensure talents can be retained and their productivity and potentials can be elevated.

In April 2018, the Administration Committee has resolved to grant 12,100,000 restricted shares ("the Grant Shares") to a selected participant. The vesting of the Grant Shares is subject to the selected participant remaining at all times after the Grant Date and on the Vesting Date a participant of the Company or any of its subsidiary. During the year ended 31 March 2020, no issued Shares had been purchased by BOCI-Prudential Trustee Limited, acting as the trustee, on the Stock Exchange to hold on trust for any participant selected by the Administration Committee pursuant to the terms and conditions of the Share Award Scheme. As at 31 March 2020, 19,200,000 issued Shares were held by the trustee.

During the year ended 31 March 2020, restricted shares were awarded to selected participants pursuant to the Share Award Scheme. Details of the restricted shares awarded were as follows:

	Number of shares					
Date of grant	**As at 1 April 2019**	**Granted during the year**	**Vested during the year**	**Lapsed during the year**	**As at 31 March 2020**	**Vesting period**
20 April 2018	6,450,000	–	(2,760,000)	(960,000)	2,730,000	23 March 2019 – 23 March 2021
18 December 2019	–	13,290,000	–	–	13,290,000	18 December 2020 – 18 December 2022 Notes (a), (b)

Notes:

(a) The awarded shares are subject to a vesting scale in tranches of 33% of the awarded shares respectively on the first and second anniversary dates of the grant date and the balance of the remaining awarded shares on the third anniversary date of the grant date. In case such anniversary date is not a business date, the date of vesting shall be the business day immediately thereafter.

(b) During the years ended 31 March 2019 and 2020, Ms. Kwok May Han Grace and Mr. Wu Dennis Pak Kit, being Directors of the Company, participated in the Share Award Scheme.

Since the Adoption Date, a total of 25,390,000 restricted shares had been awarded under the Share Award Scheme, representing approximately 2.12% of the total number of issued shares of the Company as at 31 March 2020.

Further details of the Share Award Scheme are also set out in note 32 to the consolidated financial statements of this annual report.

Save as disclosed above, at no time during the year was the Company, or any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

The COVID-19 Pandemic's Impact

An outbreak of respiratory illness caused by the COVID-19 has spread across the PRC and globally and the prevention and control measures to combat the disease have been continued to be implemented nationwide. So far, the Group has fully resumed work and the operation is normal. As the COVID-19 continues, there is impact on the Group to a certain extent. The Directors will continue to closely monitor the development of the COVID-19 outbreak and assess its impact on the financial position, and operational results of the Group. Given the dynamic nature of the outbreak and the major operation of the Group is in Hong Kong, the Directors estimate the impact on the Group's operation and financial performance is likely to be immaterial as at the date of this report.

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

As at 31 March 2020, 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 (《證券及期貨條例》) (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 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 shareholding
Ms. Kwok May Han Grace ("Ms. Kwok") (Note)	Beneficial owner, interest of a controlled corporation and interest of spouse	726,011,600 (long position)	60.50%
Mr. Wu Dennis Pak Kit ("Mr. Wu") (Note)	Beneficial owner and interest of spouse	726,011,600 (long position)	60.50%

Note: Among these 726,011,600 Shares, (i) 721,701,600 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 and the chairman of the Board and 30% by Mr. Wu, the non-executive Director and the husband of Ms. Kwok, (ii) 700,000 Shares are held by Ms. Kwok as beneficial owner and (iii) 3,610,000 Shares are held by Mr. Wu as beneficial owner. Accordingly, Ms. Kwok is deemed to be interested in those Shares held by Gold Investments and Mr. Wu under the SFO, and Mr. Wu is deemed to be interested in those Shares held by Ms. Kwok under the SFO.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations (Continued)

Interests in the associated corporation

Name of associated corporation	Name of Directors	Capacity	Number of shares	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 Gold Investments and Mr. Wu under the SFO, and Mr. Wu is deemed to be interested in the Shares held by Ms. Kwok under the SFO.

Save as disclosed above, as at 31 March 2020, 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 standard of dealings by Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

Save for the Share Award Scheme as disclosed on page 110 of this report, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted as at 31 March 2020 or at any time during the year ended 31 March 2020.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As far as the Directors are aware, as at 31 March 2020, 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 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	Number of Shares	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, each a Director.

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 31 March 2020, the Company has not been notified by any persons (other than Directors or chief executive of the Company) who have interests or short positions in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO 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

Other than the Share Option Scheme, the Share Award Scheme and as disclosed under the section headed "Directors' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations" above, at no time during the year ended 31 March 2020 and up to the date of this report, has the Company or any of its subsidiaries, or any of its fellow subsidiaries, been a party to any arrangement to enable the Directors or chief executive 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.

Remuneration of Directors and Five Individuals with Highest Emoluments

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in notes 10 and 11 to the consolidated financial statements of this report, respectively. No Director has waived or has agreed to waive any emolument during the year ended 31 March 2020.

Sufficiency of Public Float

Based on information that is publicly available to the Company and based on the best knowledge of the Directors, the Company has maintained the prescribed public float under the GEM Listing Rules of at least 25% of the Company's total number of issued Shares which was held by the public during the year ended 31 March 2020 and as of the date of this annual report.

Connected Transactions

Details of the related party transactions of the Company are set out in note 35 to the consolidated financial statements of this annual report. The related party transactions of the Company did not constitute connected transactions or continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the GEM Listing Rules.

Compliance with Laws and Regulations

As far as the board of directors of the Company and management are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 March 2020, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Emolument and Remuneration Policy

The Company has a remuneration committee for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practice.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year ended 31 March 2020.

Bank Borrowings

Particulars of bank borrowings of the Group as at 31 March 2020 are set out in note 26 to the consolidated financial statements of this annual report.

Confirmation of Independence

In accordance to Rule 5.09 of the GEM Listing Rules, the Company has received from each of its independent non-executive Directors the written confirmation of his/her independence. The Company, based on such confirmations, considers Professor Lam Kin Che, Mr. Li Wing Sum Steven, Ms. Wong Yee Lin Elaine and Mr. Szeto Chi Hang Clive independent.

Tax Relief and Exemption

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

Pre-emptive Rights

There are no provision for pre-emptive rights under the Articles of Association of the Company (the "Articles") or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

Permitted Indemnity Provision

A permitted indemnity provision (as defined in section 469 of the Companies Ordinance) for the benefit of the Directors is currently in force and was in force throughout the year ended 31 March 2020.

Pursuant to the Articles and subject to the laws of the Cayman Islands, every Director or his or her heirs, executors and administrators shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she shall or may incur or sustain or by reason of any act done, incurred in or omitted in or about the execution of his or her duties, or supposed duty, in his or her office.

The Company has arranged appropriate insurance cover for the Directors' and officers' liabilities in respect of legal actions against the Directors and senior management of the Company arising out of corporate activities.

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

Save as disclosed in note 30 to the consolidated financial statements of this annual report, none of the Company or any of its subsidiaries purchase or sell or redeem any of the Company's listed securities during the year ended 31 March 2020 and thereafter up to the date of this report.

Corporate Governance Code

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

In accordance with code provision A.2.1 of the Corporate Governance Code (the "CG Code"), the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Kwok May Han Grace was appointed as the chairman of the Board on 11 November 2016 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.

Save as disclosed above, during the year ended 31 March 2020 and up to the date of this report, the Group has complied with all the code provisions of the CG Code.

Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 40 to 52 of this annual report.

Compliance with Code of Conduct for Directors' Securities Transactions

The Company has adopted a code of conduct regarding Directors' securities transactions 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 during the year ended 31 March 2020 and up to the date of this report.

Corporate Governance, Environmental and Social Responsibility

The Group is committed to the principles of good corporate governance, and strives to integrate corporate social responsibility into its business strategy and management approach.

The ESG Report of the Group prepared in accordance with Appendix 20 to the GEM Listing Rules will be published before 30 September 2020.

Charitable Donations

Charitable donations made by the Group during the year ended 31 March 2020 amounted to HK$29,060 (31 March 2019: HK$23,630).

Financial Summary

A summary of the results and of the assets and liabilities of the Group is set out in the financial summary on page 124 of this annual report.

Audit Committee

The Board has established an audit committee (the "Audit Committee") on 23 September 2016 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control procedures of the Group. During the year ended 31 March 2020, the Audit Committee comprised three independent non-executive Directors, namely Mr. Li Wing Sum Steven, Professor Lam Kin Che and Ms. Wong Yee Lin Elaine. Mr. Li Wing Sum Steven, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the Audit Committee. During the year ended 31 March 2020, the Audit Committee held four meetings to review the Group's annual report, interim report and quarterly reports. The Group's audited consolidated financial statements for the year ended 31 March 2020 and this report have been reviewed by the Audit Committee. The Audit Committee is of the view that such financial information has been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures has been made.

Independent Auditors

On 9 May 2019, KPMG, the predecessor auditor, resigned as the auditor of the Company and Moore Stephens CPA Limited was appointed by the Directors to fill the casual vacancy so arising on the same date.

The consolidated financial statements of the Group for the years ended 31 March 2019 and 2020 have been audited by Moore Stephens CPA Limited whose term of office will expire upon the forthcoming Annual General Meeting. A resolution to re-appoint Moore Stephens CPA Limited as independent auditor of the Company will be proposed at the forthcoming Annual General Meeting.

Closure of the Register of Members

The forthcoming Annual General Meeting is scheduled to be held on Monday, 10 August 2020. For the purpose of determining the entitlement to attend and vote at the Annual General Meeting, the Register of Members of the Company will be closed from Wednesday, 5 August 2020 to Monday, 10 August 2020, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 4 August 2020.

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

Hong Kong, 24 June 2020

Biographical Details of Directors and Senior Management

The biographical details of the Directors and Senior Management of the Group as at the date of this report are as follow:

Executive Director

Ms. Kwok May Han Grace (郭美珩), aged 46, was appointed as the executive Director of the Company on 11 November 2015 and chairman of the Board on 11 November 2016. Ms. Kwok is also the compliance officer of the Company and one of the authorised representatives under Rule 5.24 of the GEM Listing Rules. She is responsible for the overall planning, management and strategic development of the Group and oversees the operations of the Group's business.

Ms. Kwok joined the Group in April 1999 and has over 20 years' experiences working as acoustics, environmental and sustainability consultant. She was appointed as a director of AEC Hong Kong on 10 June 2004. She was accredited as a member of the Green Building Faculty since 2012. She also possessed various professional qualifications, including LEED Accredited Professional recognized by the Green Building Certification Institute in November 2007, BEAM Professional since July 2010 (including accredited as BEAM Pro Neighbourhood in 2017) by the Hong Kong Green Building Council, BREEAM Accredited Professional and BREEAM In-Use Assessor in 2016 by the BRE Academy and authorized GBL Manager by the China Green Building (Hong Kong) Council in 2017. She received a certificate on training from the China Green Building Council in March 2015 and certificate from GRI on G4 exam on sustainability reporting in January 2016. Ms. Kwok is a member of the Expert Panel of the BEAM Society Limited and has served as a member of various Hong Kong Green Building Council (HKGBC) standing committees, including Public Education Committee, Green Labelling Committee, Communications and Membership Committee, and Corporate Affairs and Membership Committee. She is a founding fellow and serves on the Board of Directors of the Hong Kong Institute of Qualified Environmental Professionals (HKIQEP) and also a fellow member and Immediate Past Chairman of the Hong Kong Institute of Acoustics (HKIOA).

Ms. Kwok graduated from The Hong Kong Polytechnic University with a degree of Bachelor of Engineering in Environmental Engineering in November 1998. She is the wife of Mr. Wu Dennis Pak Kit, a non-executive Director of the Company.

Non-Executive Director

Mr. Wu Dennis Pak Kit (胡伯杰), aged 45, was appointed as the non-executive Director of the Company on 16 November 2015. He is responsible for providing advice on strategic development of the Group.

He has 19 years of experience in the finance industry. Mr. Wu worked as an accounting supervisor at Techno Group, a company engaging in manufacturing of plastic moulds for home appliances, in Hong Kong from April 1998 to June 2000. From September 2000, he worked as a staff accountant at the Assurance and Business Advisory Services Department of Arthur Andersen (which was acquired by PricewaterhouseCoopers in July 2002) and he left the firm as a senior associate in April 2003. He has been the executive director in the finance department of CITIC Capital Holdings Limited, a company focusing on alternative asset management including private equity, real estate, mezzanine venture capital and marketable securities since April 2003. From 1 July 2017, he has appointed as the executive director in the principle investment department of the same company. He is also a director of the Hong Kong Private Equity Finance Association which aims to promote the private equity and venture capital industry in Hong Kong.

Mr. Wu joined the Group in January 2015 as a director and he received a certificate on training from the China Green Building Council in March 2015. He is the husband of Ms. Kwok May Han Grace, the executive Director of the Company and the chairman of the Board.

Mr. Wu graduated from the University of Southern California in the United States ("US") with a bachelor's degree in Business Administration, majoring in Finance, in December 1996. He obtained a master's degree of Accountancy from The Chinese University of Hong Kong in November 2001.

Independent Non-Executive Directors

Professor Lam Kin Che (林健枝) ("Professor Lam"), SBS, JP, aged 72, was appointed as an independent non-executive Director of the Company on 23 September 2016.

Professor Lam was admitted as an honorary fellow of The Chartered Institution of Water and Environmental Management, the United Kingdom in April 2006, of Hong Kong Institute of Acoustics in June 2012 and The Hong Kong Institute of Environmental Impact Assessment in June 2012.

For community services in Hong Kong, Professor Lam was a council member of the Sustainable Council from March 2003 to February 2011, the Advisory Committee on Water Resources and Quality of Water Supplies from April 2000 to March 2004, Hong Kong Observatory from October 2006 to September 2010, and the Advisory Committee on Agriculture and Fisheries from May 1988 to May 1992. He served as the Chairman of the Advisory Council on the Environment from January 2003 to December 2009 and has been the Chairman of the Biodiversity Strategy and Action Plan Steering Committee from June 2013 to May 2016. He was also a member of the Appeal Board Panel (Town Planning) from November 1991 to December 1999, Registration of Persons Tribunal from June 1999 to May 2005, Air Pollution Control Appeal Board Panel from March 1989 to January 2001, Noise Control Appeal Board Panel from February 1989 to January 2004, Environmental Impact Assessment Appeal Board Panel from April 2013 to March 2016, and Waste Disposal Appeal Board Panel from February 2013 to January 2016, all of which are boards, committees or councils of the government of Hong Kong.

Professor Lam has been an adjunct professor of the Department of Geography & Resources Management of The Chinese University of Hong Kong since August 2012.

Professor Lam graduated from The University of Hong Kong with a degree of Bachelor in Arts in November 1970 and a degree of Master of Philosophy in November 1974. He obtained a degree of Doctor of Philosophy from The University of New England in Australia in April 1981.

Mr. Li Wing Sum Steven (李永森) ("Mr. Li"), aged 62, was appointed as an independent non-executive Director of the Company on 30 June 2018.

Mr. Li is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Li has accumulated over 30 years' experience in auditing, accounting, company secretarial services, taxation and financial management. Mr. Li once served as a financial controller, executive director, independent non-executive director and company secretary in several Hong Kong listed companies, and currently, he is still acting as an independent non-executive director and company secretary in two Hong Kong listed companies, including serving as the company secretary of Shanghai Fudan Microelectronics Group Company Limited (Stock Code: 1385) and an independent non-executive director of Wang On Properties Limited (Stock Code: 1243). Mr. Li is also a certified public accountant (practicing) and a partner of a certified public accountant firm in Hong Kong.

Ms. Wong Yee Lin Elaine (王綺蓮) ("Ms. Wong"), aged 65, was appointed as an independent non-executive Director of the Company on 23 September 2016.

Ms. Wong has been a fellow member of Hong Kong Institute of Human Resources Management ("HKIHRM") since April 2003 as well as a member of Employee Engagement and Employer's Branding Committee of HKIHRM since 1999, and of Remuneration Committee of HKIHRM since 2012. She was an executive council member of HKIHRM from 1999 to 2011.

Ms. Wong was the Head of Human Resources (Hong Kong and China) of Northwest Airlines (now known as Delta Airlines) from October 1989 to August 1992. She was the Employee Relations Manager of Enviropace Limited (now known as Ecospace Limited) from August 1992 to February 1994. She then worked as the Head of Human Resources (Greater China Area) of Tandem Computers Limited (now known as Hewlett Packard Ltd.) from March 1994 to October 1994. She worked as a Human Resources Manager of Unisys Computers Limited from November 1994 to April 1995. She was the Human Resources Manager in International Private Banking of Standard Chartered Bank from May 1995 to March 1996. She was the Human Resources Manager of Jardine Fleming Holdings Limited (now J.P. Morgan Holdings (Hong Kong) Limited) from June 1996 to September 1998. She was the Vice President and Head of Human Resources Services of CITIC Bank International Limited from October 1998 to April 2002. She was the director and Head of Human Resources and Administration of CITIC Capital Holdings Limited from May 2002 to May 2006. She was the Managing Director, Head of Human Resources of CITIC Securities International Company Limited from May 2006 to April 2015. Ms. Wong served as Senior Human Resources Adviser in CITIC Securities International Co., Ltd. from April to December 2015.

Ms. Wong is a member of the Staff Panel of Scout Association of Hong Kong since March 2016. She was a founder and has been a director of a non-governmental organisation, Hong Kong Credible Care Volunteers Association Limited since February 2013.

Ms. Wong obtained Certificates of Competence (Level A and Level B) in Occupational Testing from British Society of Psychology in September 1996 and December 1996 respectively. She also obtained a master degree, majoring in human resources management through a distance learning programme from American States University in US in February 1995. She has over 26 years of experience in human resources management.

Mr. Szeto Chi Hang Clive (司徒智恒) ("Mr. Szeto"), aged 49, was appointed as an independent non-executive Director of the Company on 4 June 2019.

Mr. Szeto has accumulated over 26 years' experience in electronic engineering, sales and marketing, business development and solid team management. Mr. Szeto once served as a business development director, director of marketing, director of sales and Vice-President of sales and business development in several Hong Kong and multinational electronics, engineering and technology companies, and he is the founder of a consulting platform and supporting a number of business development and initial public offering projects. Mr. Szeto graduated from The University of Hong Kong with a bachelor's degree in electrical and electronic engineering in 1993.

Senior Management

Mr. Chan Chi Kee Henry (陳翅麒), aged 46, is our associate director principally responsible for acoustic and audio-visual design, project management, coordination with different parties and progress monitoring. Mr. Chan joined our Group in April 2016. Mr. Chan graduated from the Hong Kong Polytechnic University with a bachelor of engineering (Hons) in Environmental Engineering in November 1997. He has 23 years of experience in the building construction industry.

Mr. Chan has started his professional career as an acoustician and was accredited as a member of Institute of Acoustics (MIOA) in March 2002 and the Certified Technology Specialist (CTS) by InfoComm in February 2008. He has then further developed his lighting design skills and become a professional member of the International Association of Lighting Designers (IALD) in January 2013. Mr. Chan is also an accredited BEAM Professional by Hong Kong Green Building Council Limited in April 2016 and a qualified project manager as he obtained the membership of the Association for Project Management (APM) in November 2007.

Mr. Lai Ka Yeung Andy (黎家揚), aged 34, is our Principal Consultant, with extensive experience in the environmental and green building consultancy industry across a diversified project portfolio, including residential buildings, commercial offices, retail, industrial buildings and data centers, in both public and private sectors. Mr. Lai joined our Group in November 2011. Andy is responsible for project management, coordination and progress monitoring of on-going green building certification projects including Building Environmental Assessment Method (BEAM Plus), Leadership in Energy and Environmental Design (LEED), WELL Building Standard, Fitwel Standard, Building Research Establishment Environmental Assessment Metho0ld (BREEAM) and Civil Engineering Environmental Quality Assessment and Award Scheme (CEEQUAL). He obtained his Bachelor of Science degree from University of Nottingham in July 2008 and Master of Science in Environmental Engineering degree from The University of Hong Kong in November 2016.

Ms. Lin Yu (林宇), aged 35, is our Principal Consultant. Ms. Lin joined our Group in April 2015. She has extensive experience in providing green building design and certification consultancy services for various certification schemes, including BEAM Plus, Leadership in Energy and Environmental Design (LEED) and China Green Building Design Label (GBL). She has been involved in various types of green building design and certification projects, including public housing development projects, government and community development projects, private residential projects and commercial development projects. Ms. Lin graduated from HKUST with a Master's degree in 2009. She holds various professional qualifications, including BEAM Professional (NB, EB, BI & ND), LEED Accredited Professional (BD+C) and GBL Manager.

Mr. Cheung Siu Ming (張兆明), aged 32, is our Principal Consultant. Mr. Cheung joined our Group in April 2012. He has in-depth knowledge in environmental assessment and review, noise impact assessment, as well as green building assessment. He is a Chartered Professional Engineer (CPEng) in Engineers Australia. He has been involved in the design and mock-up testing of noise reduction window for traffic noise mitigation, environmental assessment, noise impact assessment, environmental management & audit programme, BEAM and LEED consultancy for developments of both Government and Private Sectors. He is fairly familiar with the environmental and specific requirements for the environmental assessment to promote the sustainable design of buildings.

Ms. Man Yi Hang Cathy (文爾珩), aged 35, is our Principal Consultant responsible for environmental and green building project management coordination with different parties and progress monitoring. Ms. Man joined our Group in September 2010 as an assistant consultant. She was promoted as our consultant and senior consultant in November 2011 and March 2014, respectively. Ms. Man has been involved in environmental assessments and sustainable building design studies for development in both the public and private sectors. Ms. Man graduated from the Hong Kong Baptist University with a degree of Bachelor of Social Science in China Studies (Geography) in November 2008. She further obtained a degree of Master of Applied Science (Environmental Science) from the University of Sydney in Australia in October 2010. She is Beam Pro specialist since January 2016, member of Chartered Institution of Water and Environmental Management since November 2015 and professional member of Hong Kong Institute of Qualified Environmental Professionals since March 2019.

Company Secretary

Mr. Siu Chun Pong Raymond (蕭鎮邦) has been appointed as the company secretary of the Company on 18 June 2019.

Mr. Siu, aged 40, has been a practising solicitor of The High Court of Hong Kong since 2005. Mr. Siu has over 14 years of practical experience in corporate finance and regulatory compliance. He is the founder and the senior partner of Raymond Siu & Lawyers. Mr. Siu graduated from The University of Hong Kong with a Bachelor of Laws degree and University College London with a Master of Laws degree.

Corporate Governance Practices

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 Corporate Governance Code (the "CG Code") as set out in Appendix 15 of 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 May Han Grace was appointed as the chairman of the Board on 11 November 2016 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.

Save as disclosed above, during the year ended 31 March 2020 and up to the date of this report, the Group 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 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 (the "Required Standard of Dealings"). Having been made a specific enquiry by the Company with each of the Directors, all Directors confirmed that they had complied with the Required Standard of Dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company since 1 April 2019 and up to the date of this report.

Board of Directors

As at 31 March 2020, the Board comprised six Directors, including one executive Director, one non-executive Director and four independent non-executive Directors. Save for Mr. Szeto Chi Hang Clive, all other Directors were directors throughout the year ended 31 March 2020. Details of their composition by category are as follows:

Name	Position	Date of appointment
Ms. Kwok May Han Grace	Executive Director Chairman of the Board	11 November 2015 11 November 2016
Mr. Wu Dennis Pak Kit	Non-executive Director	16 November 2015
Professor Lam Kin Che	Independent non-executive Director	23 September 2016
Ms. Wong Yee Lin Elaine	Independent non-executive Director	23 September 2016
Mr. Li Wing Sum Steven	Independent non-executive Director	30 June 2018
Mr. Szeto Chi Hang Clive	Independent non-executive Director	4 June 2019

Responsibilities, Accountability and Contributions of the Board and Management

The Board's main functions include:

(i) approving the Group's overall business plans and strategies, monitoring the implementation of these policies and strategies and the management of the Group;

(ii) developing and reviewing the Company's policies and practices on corporate governance;

(iii) reviewing the Group's compliance with the CG Code and disclosure in the Corporate Governance Report;

(iv) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; and

(v) monitoring the risk management and internal control systems of the Company and reviewing their effectiveness. Daily business operations and administrative functions of the Group are delegated to the executive Director and the senior management of the Group. The Board acts collectively by majority decisions in accordance with the Articles and the applicable laws, and no single Director has any decision-making power unless otherwise authorised by the Board.

Board Meetings and Board Practices

The Directors can attend meetings in person or through other means of electronic communication in accordance with the Articles. All minutes of the Board meetings were recorded in sufficient detail the matters considered by the Board and the decisions reached.

During the year ended 31 March 2020, four board meetings and one general meeting were held. Details of the attendance of the Directors are as follows:

Directors	Attendance/Number of general meeting entitled to attend	Attendance/Number of Board meetings entitled to attend
Ms. Kwok May Han Grace *(Chairman)*	1/1	4/4
Mr. Wu Dennis Pak Kit	1/1	4/4
Professor Lam Kin Che	1/1	4/4
Mr. Li Wing Sum Steven	1/1	4/4
Ms. Wong Yee Lin Elaine	1/1	4/4
Mr. Szeto Chi Hang Clive *(Appointed on 4 June 2019)*	1/1	4/4

Appointment, Re-election and Removal of Directors

The Articles provide that subject to the manner of retirement by rotation of Directors as from time to time prescribed by the GEM Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

Under the code provision A.4.1 of the CG Code, the non-executive Directors should be appointed for a specific term. The Company has entered into a service contract with the executive Director for a term of three years commencing from 17 October 2019, subject to the early removal, retirement and re-election provisions in the Articles. The Company has also entered into (i) letters of appointment with Mr. Wu Dennis Pak Kit, Professor Lam Kin Che and Ms. Wong Yee Lin Elaine for a term of three years commencing from 23 September 2019, subject to the early removal, retirement and re-election provisions in the Articles; (ii) a letter of appointment with Mr. Li Wing Sum Steven for a term of three years commencing from 30 June 2018, subject to the early removal, retirement and re-election provisions in the Articles and (iii) a letter of appointment with Mr. Szeto Chi Hang Clive for a term of three years commencing from 4 June 2019, subject to the early removal, retirement and re-election provisions in the Articles.

Continuous Professional Development

According to the code provision A.6.5 of the CG Code, all Directors shall participate in continuous professional development to develop their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

During the year ended 31 March 2020, all the Directors had participated in seminars/courses and read articles, as below, in relation to Director's responsibilities and obligations under the GEM Listing Rules and relevant statues, laws, rules and regulations arranged by accredited service providers.

Name of Director	Attending seminars/courses	Reading articles
Ms. Kwok May Han Grace	✓	✓
Mr. Wu Dennis Pak Kit	✓	✓
Professor Lam Kin Che	✓	✓
Mr. Li Wing Sum Steven	✓	✓
Ms. Wong Yee Lin Elaine	✓	✓
Mr. Szeto Chi Hang Clive *(Appointed on 4 June 2019)*	✓	✓

Independent Non-Executive Directors

During the year ended 31 March 2020, the Company has four independent non-executive Directors to comply with Rule 5.05(1) of the GEM Listing Rules. Furthermore, among the four independent non-executive Directors, Mr. Li Wing Sum Steven has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules.

The Company has also complied with Rule 5.05A of the GEM Listing Rules as the four independent non-executive Directors represent more than one-third of the Board.

In accordance with Rule 5.09 of the GEM Listing Rules, the Company has received from each of its independent non-executive Directors the written confirmation of his/her independence. The Company, based on such confirmations, considers Professor Lam Kin Che, Mr. Li Wing Sum Steven, Ms. Wong Yee Lin Elaine and Mr. Szeto Chi Hang Clive are independent.

Chairman and Chief Executive

According to 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 May Han Grace was appointed the chairman of the Board on 11 November 2016 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.

Company Secretary

Mr. Chong Hing Cheong has been appointed as the company secretary of the Company (the "Company Secretary") on 10 June 2016 and was the Company Secretary until 18 June 2019.

Mr. Chong Hing Cheong has resigned as the company secretary of the Company with effect from 18 June 2019, Mr. Siu Chun Pong Raymond has been appointed as the company secretary on the same date.

Mr. Siu Chun Pong Raymond has taken not less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules during the year ended 31 March 2020.

Compliance Officer

Pursuant to Rule 5.19 of the GEM Listing Rules, Ms. Kwok May Han Grace, who is also an executive Director and the chairman of the Board, was appointed as the compliance officer of the Company on 10 June 2016. The biographical details of Ms. Kwok are set out under the section headed "Biographical Details of Directors and Senior Management" of this report.

Board Committees

While at all times the Board is responsible for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various Board committees which have been established by the Board to deal with different aspects of the Company's affairs. Unless otherwise specified in their respective written terms of reference as approved by the Board, these Board committees are governed by the Articles as well as the Board's policies and practices (in so far as the same are not in conflict with the provisions contained in the Articles).

With the establishment of the Audit Committee, the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee"), the independent non-executive Directors will be able to effectively devote their time to perform the duties required by the respective Board committees.

The Board has also established the environmental, social and governance committee (the "ESG Committee") and the risk management committee (the "Risk Management Committee") to review and monitor the Group's specific policies and practices to ensure compliance with the relevant legal and regulatory requirements.

The Board has also delegated the responsibility of implementing its strategies and the day-to-day operation to the management of the Company under the leadership of the executive Director. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, finance and financial reporting, internal controls, communication with shareholders, board membership, delegation of authority and corporate governance.

Audit Committee

The Board established the Audit Committee on 23 September 2016 with written terms of reference in compliance with the GEM Listing Rules. The terms of reference of the Audit Committee are available on both the GEM website and the Company's website. The primary duties of the Audit Committee include (but without limitation):

(i) assisting the Board by providing an independent view of the effectiveness of the financial reporting process;

(ii) making recommendation to the Board on the appointment and removal of external auditors;

(iii) reviewing the Group's financial information and disclosures;

(iv) overseeing the audit process, to develop and review the Group's policies and practices on compliance with legal and regulatory requirements; and

(v) performing other duties and responsibilities as assigned by the Board.

The composition of the Audit Committee during the year ended 31 March 2020 is as follows:

Mr. Li Wing Sum Steven *(Chairman)*
Professor Lam Kin Che
Ms. Wong Yee Lin Elaine

Mr. Li Wing Sum Steven, who has appropriate professional qualifications and experience in accounting matters, was appointed as the Chairman of the Audit Committee.

Board Committees (Continued)

Audit Committee (Continued)

Four Audit Committee meetings were held during the year ended 31 March 2020. During the year ended 31 March 2020, the Audit Committee has:

(i) reviewed the unaudited quarterly and interim results;

(ii) reviewed the necessity to establish an internal audit function; and

(iii) monitored the audit and non-audit (if any) services rendered to the Group by its auditor and ensure that their engagement in other non-audit services will not impair their audit independence or objectivity.

Apart from the Audit Committee meetings, the independent non-executive Directors have met its external auditor to discuss matters relating to the Company's audit fees and other issues arising from the audit for the year ended 31 March 2020. The attendance record of each member at the Audit Committee meetings is set out as follows:

Directors	**Attendance/Number of Audit Committee meetings entitled to attend**
Professor Lam Kin Che *(Independent non-executive Director)*	4/4
Mr. Li Wing Sum Steven *(Independent non-executive Director)*	4/4
Ms. Wong Yee Lin Elaine *(Independent non-executive Director)*	4/4

Remuneration Committee

The Board established the Remuneration Committee on 23 September 2016 with written terms of reference in compliance with the GEM Listing Rules. The terms of reference of the Remuneration Committee are available on both the GEM website and the Company's website. The primary duties of the Remuneration Committee include (but without limitation):

(i) making recommendations to the Directors regarding the Group's policy and structure for the remuneration of all of our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies;

(ii) making recommendations to the Board on the remuneration packages of the individual executive Director and senior management;

(iii) reviewing and approving the management's remuneration proposals by reference to the Board's corporate goals and objectives; and

(iv) considering and approving the grant of share options to eligible participants pursuant to the Share Option Scheme.

The composition of the Remuneration Committee during the year ended 31 March 2020 is as follows:

Ms. Wong Yee Lin Elaine *(Chairman)*
Mr. Li Wing Sum Steven
Professor Lam Kin Che
Ms. Kwok May Han Grace
Mr. Wu Dennis Pak Kit

Board Committees (Continued)

Remuneration Committee (Continued)

One Remuneration Committee meeting was held during the year ended 31 March 2020. The Remuneration Committee reviewed the policy for the remuneration of all the Directors, assessed the performance of the executive Director and approved the terms of the executive Director's service contract for the year ended 31 March 2020. The remuneration committee also made recommendations to the Board on the remuneration packages of the individual executive Director and senior management for the year ended 31 March 2020. The attendance record of each member at the Remuneration Committee meetings is as follows:

Directors	Attendance/Number of Remuneration Committee meetings entitled to attend
Ms. Wong Yee Lin Elaine *(Independent non-executive Director)*	1/1
Mr. Li Wing Sum Steven *(Independent non-executive Director)*	1/1
Professor Lam Kin Che *(Independent non-executive Director)*	1/1
Ms. Kwok May Han Grace *(Executive Director)*	1/1
Mr. Wu Dennis Pak Kit *(Non-executive Director)*	1/1

Nomination Committee

The Board established the Nomination Committee on 23 September 2016 with written terms of reference in compliance with the GEM Listing Rules. The terms of reference of the Nomination Committee are available on both the GEM website and the Company's website. The primary duties of the Nomination Committee include (but without limitation):

(i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(ii) identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;

(iii) assessing the independence of independent non-executive Directors; and

(iv) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman.

The composition of the Nomination Committee during the year ended 31 March 2020 is as follows:

Ms. Kwok May Han Grace *(Chairman)*
Mr. Li Wing Sum Steven
Ms. Wong Yee Lin Elaine
Professor Lam Kin Che
Mr. Wu Dennis Pak Kit

Board Committees (Continued)

Nomination Committee (Continued)

One Nomination Committee meeting was held during the year ended 31 March 2020. The Nomination Committee determined the policies for the nomination of directors, including the nomination procedures and the process and criteria to select and recommend candidates for directorship during the year ended 31 March 2020. It also reviewed the Company's policies concerning board diversity for the year ended 31 March 2020. The attendance record of each member at the Nomination Committee meeting is as follows:

Directors	Attendance/Number of Nomination Committee meeting entitled to attend
Ms. Kwok May Han Grace *(Executive Director)*	1/1
Mr. Li Wing Sum Steven *(Independent non-executive Director)*	1/1
Ms. Wong Yee Lin Elaine *(Independent non-executive Director)*	1/1
Professor Lam Kin Che *(Independent non-executive Director)*	1/1
Mr. Wu Dennis Pak Kit *(Non-executive Director)*	1/1

Board Diversity Policy

The Company recognises and embraces the benefits of having a Board with diversified skills, talents and experiences, and sees diversity at Board level as an essential element in maintaining a competitive advantage. The Company has therefore adopted a board diversity policy which sets out the approach to achieve and maintain diversity on the Board.

Pursuant to the policy, the Nomination Committee seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to the talents, skills, regional and industrial experience, background, gender and other qualities of the members of the Board. These factors will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All appointments of the members of the Board are made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective.

The Nomination Committee reviews and assesses the composition of the Board and makes recommendations to the Board on appointment of new Directors. The Nomination Committee also oversees the conduct of the annual review of the effectiveness of the Board.

In reviewing and assessing the composition of the Board, the Nomination Committee will consider the benefits of all aspects of diversity, including without limitation, those described above, in order to maintain an appropriate range and balance of talents, skills, experience and background on the Board.

In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

In overseeing the conduct of the annual review of the effectiveness of the Board, the Nomination Committee will consider the balance of talents, skills, experience, independence and knowledge on the Board and the diversity of the Board.

Board Committees (Continued)

Nomination Committee (Continued)

Director Nomination Policy

The director nomination policy ("Director Nomination Policy") of the Company serves to improve the transparency of the process and criteria in selecting and recommending candidates as Directors for the Board's approval from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board.

The Directors and the Nomination Committee will consider and nominate candidates, according to the Director Nomination Policy based on objective criteria with due regard to the benefits of diversity as set out in the Board Diversity Policy, to the Board for approval. In identifying individuals and making recommendations for nominations, the Nomination Committee considers whether such individuals have the appropriate qualifications, abilities and perspectives that would enable them to effectively fulfil their roles and responsibilities as Directors.

Where a candidate is proposed to be appointed as an independent non-executive Director, his/her independence will be assessed in accordance with, among others, the independence factors as set out under the GEM Listing Rules, the totality of the candidate's education, qualifications and experience will also be evaluated to consider whether he/she has the appropriate professional qualifications or accounting or related financial management expertise for taking up the office of an independent non-executive Director.

Measurable objectives

The Nomination Committee discusses annually the measurable objectives for achieving diversity of the Board and recommends them to the Board for adoption. The Board will consider such recommendation and may seek to improve the diversity of the board composition.

Monitoring and reporting

The Nomination Committee and the Board monitor the progress of the improvement measures on an annual basis and make relevant disclosure in the corporate governance reports of the Company on the process the Board has used in relation to Board appointments.

Reviewing the policies

The Nomination Committee will review the design, implementation and the effectiveness of the policy in its annual meeting on Board Diversity Policy and the Director Nomination Policy. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for approval.

ESG Committee

The Board established the ESG Committee on 23 September 2016. The terms of reference of the ESG Committee are available on both the GEM website and the Company's website. The primary function of the ESG Committee is to report and advise the Board on matters relating to environmental protection, social responsibility and corporate governance of the Group.

The composition of the ESG Committee during the year ended 31 March 2020 is as follows:

Ms. Kwok May Han Grace *(Chairman)*
Mr. Wu Dennis Pak Kit
Mr. Li Wing Sum Steven
Ms. Wong Yee Lin Elaine
Professor Lam Kin Che

Board Committees (Continued)

ESG Committee (Continued)

Two ESG Committee meetings were held during the year ended 31 March 2020. The attendance record of each member at the ESG Committee meetings is as follows:

Directors	Attendance/Number of ESG Committee meeting entitled to attend
Ms. Kwok May Han Grace *(Executive Director)*	2/2
Mr. Wu Dennis Pak Kit *(Non-executive Director)*	2/2
Mr. Li Wing Sum Steven *(Independent non-executive Director)*	2/2
Ms. Wong Yee Lin Elaine *(Independent non-executive Director)*	2/2
Professor Lam Kin Che *(Independent non-executive Director)*	2/2

Risk Management Committee

The Board established the Risk Management Committee on 23 September 2016. The terms of reference of the Risk Management Committee are available on both the GEM website and the Company's website. The primary duties of the Risk Management Committee include (but without limitation):

(i) considering the necessity of an internal audit function of the Group;

(ii) evaluating and determining the nature and extent of the significant risks faced by the Group;

(iii) making recommendations to the Board on the Group's risk management and internal control systems; and

(iv) overseeing the Group's risk management framework to identify and deal with financial, operational, legal, regulatory, technology, business and strategic risks faced by the Group.

The composition of the Risk Management Committee during the year ended 31 March 2020 is as follows:

Ms. Kwok May Han Grace *(Chairman)*
Mr. Wu Dennis Pak Kit
Mr. Li Wing Sum Steven
Ms. Wong Yee Lin Elaine
Professor Lam Kin Che

One Risk Management Committee meeting was held during the year ended 31 March 2020. The Risk Management Committee has identified the risks faced by the Group and discussed the designs of the risk management and internal control systems for the year ended 31 March 2020. The committee also reviewed the adequacy of resources, qualifications and experience of the Group's staff in implementing the risk management and internal control systems for the year ended 31 March 2020. The attendance record of each member at the Risk Management Committee meeting is as follows:

Directors	Attendance/Number of Risk Management Committee meeting entitled to attend
Ms. Kwok May Han Grace *(Executive Director)*	1/1
Mr. Wu Dennis Pak Kit *(Non-executive Director)*	1/1
Mr. Li Wing Sum Steven *(Independent non-executive Director)*	1/1
Ms. Wong Yee Lin Elaine *(Independent non-executive Director)*	1/1
Professor Lam Kin Che *(Independent non-executive Director)*	1/1

Corporate Governance Function

The Board is responsible for overseeing the corporate governance of the Group. During the year ended 31 March 2020, the Board has reviewed the corporate governance practices of the Company by reference to the CG Code as set out in Appendix 15 of the GEM Listing Rules. The summary of their work is as follows:

(i) reviewed the Company's policies and practices on corporate governance and made recommendations;

(ii) reviewed and monitored the training and continuous development of Directors and senior management of the Group;

(iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) developed, reviewed and monitored the code of conduct and compliance manual applicable to employees of the Group and the Directors; and

(v) reviewed the Company's compliance with the CG Code and disclosure in the corporate governance report.

Accountability and Audit

The Board acknowledges its responsibility for the preparation of the Company's consolidated financial statements for the year ended 31 March 2020 which give a true and fair view in accordance with the statutory requirements and accounting standards and other financial disclosure requirement under the GEM Listing Rules. The financial results of the Group are announced in a timely manner in accordance with the statutory and/or regulatory requirements.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

The statement by the external auditor about their reporting responsibilities is set out in the independent auditor's report on pages 53 to 58 of this annual report.

External Auditor's Remuneration

The Company engaged Moore Stephens CPA Limited as the external auditor for the audit of the Group's consolidated financial statements for the year ended 31 March 2020. The fee in respect of audit services provided by Moore Stephens CPA Limited for the year ended 31 March 2020 amounted to approximately HK$700,000. No non-audit services was provided by the external auditor during the year ended 31 March 2020.

The Audit Committee has expressed its view to the Board that the level of fees paid/payable by the Company to the Company's external auditor for annual audit services is reasonable. There has been no disagreement between the auditor and the management of the Company during the year ended 31 March 2020.

Emolument Payable to Senior Management

The emoluments payable to the five (31 March 2019: three) members of senior management during the year ended 31 March 2020 fell within the band of HK$Nil to HK$1,000,000.

Risk Management and Internal Control Systems

The Board is responsible for monitoring the risk management and internal control systems of the Company and reviewing their effectiveness. These risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Assisted by the Risk Management Committee, the Board evaluates and determines the nature and extent of significant risks it is willing to take in achieving the Company's strategic objectives. The Board also oversees the management in the design, implementation and monitoring of the risk management and internal control systems. Procedures have been designed and implemented to safeguard the Company's assets against unauthorised use or disposal, ensure maintenance of proper accounting records for provision of reliable financial information for internal use or for publication and ensure the Company's compliance with applicable laws, rules and regulations. The Board also ensures the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions.

To ensure the effectiveness of the risk management and internal control systems, the Board requests the management to facilitate each of the departments of the Company to identify major risk events in the field it operates and assess the possibility of occurrence and influence of these risk events to the Company. Each department also prepares solutions and mitigation measures to deal with the possible risk events to the management. The management gathers the information from each of the departments and provide confirmations and feedbacks to the Board on the effectiveness of the risk management and internal control system. Based on the information from the management, the Board conducted an annual review on the effectiveness of the Company's risk management and internal control systems for the year ended 31 March 2020.

The Group did not appoint any internal control advisor for the year ended 31 March 2020. Management is of the view that our internal control system has not changed and it remains effective in all aspects. The Board reviewed the effectiveness of the risk management and internal control systems for the year ended 31 March 2020 in the Board meetings, and is of the opinion that the Group's risk management and internal control systems are effective and adequate and that nothing has come to its attention to cause the Board to believe the Group's risk management and internal control systems are inadequate. The Board and the Audit Committee will reconsider the need for engaging an internal control advisor in next year.

The Company does not have an internal audit function as the Board presently considers that the size, nature and complexity of the Group's business does not require such function.

With respect of the procedures and internal controls of the handling and dissemination of inside information, the Company is fully aware of its obligation under Part XIVA of the SFO and the GEM Listing Rules. The Board has adopted a policy which contains the guidelines of the Directors, officers and relevant employees of the Company to ensure that the inside information of the Company is to be disseminated to the public in an equal and timely manner in accordance with the applicable laws and regulations.

Disclosure of Inside Information

The Group has adopted and implemented its own disclosure policy aiming to provide a general guide to the Directors and senior management of the Company in the handling of confidential information and/or monitoring of information disclosure pursuant to the applicable laws and regulations in compliance with the GEM Listing Rules and the SFO. The disclosure policy provides the procedures and internal controls for the handling and dissemination of inside information by publication of the announcement to the websites of the GEM and the Company on a timely basis to enable the public, shareholders, institutional investors, potential investors and other stakeholders of the Company to access the latest information of the Group, unless such information falls within the safe harbours under the SFO. Briefing and training on the implementation of the disclosure policy have been provided to Directors, officers and senior management of the Group. In addition, the relevant policy has been uploaded to the intranet of the Company for easy access by all employees.

Communication with Shareholders and Investors

The Company regards high quality reporting as an essential element in building successful relationships with its Shareholders. The Company always endeavours to provide relevant information to existing and potential investors to enhance transparency and communications with Shareholders and the investing public. Regular and publicly available disclosures about important issues, including performance, fundamental business strategy, governance and management of risk are made through various channels:

- the Company's annual general meeting and extraordinary general meetings;
- quarterly, interim and annual results announcements published on the respective websites of the Company and the Stock Exchange;
- quarterly, interim and annual reports of the Company delivered to all Shareholders;
- timely update of the respective websites of the Stock Exchange and the Company;
- circulars and other corporate communications to Shareholders; and
- announcements regarding major corporate actions and business initiatives.

The Company maintains a website at www.asecg.com where the Company's announcements, circulars, notices of general meetings, financial reports, business developments, press releases and other information are posted.

Shareholders' Rights

Set out below is a summary of certain rights of the Shareholders as required to be disclosed pursuant to the mandatory disclosure requirements:

Convening extraordinary general meeting and putting forward proposals at Shareholders' meetings

Any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary at 27/F, Overseas Trust Bank Building, 160 Gloucester Road, Wan Chai, Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders' Rights (Continued)

Procedures for directing Shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary by mail, facsimile or email:

Address	:	27/F, Overseas Trust Bank Building, 160 Gloucester Road, Wan Chai, Hong Kong
Facsimile no.	:	2815 5399
Email	:	ir@aechk.com

Shareholders may also make enquiries with the Board at the general meetings of the Company or through the online information request form on the website of the Company at www.asecg.com.

Constitutional Documents

There is no change in the Company's constitutional documents during the year ended 31 March 2020.

Access to the Annual Report

This annual report is written in both English and Chinese. If there is any inconsistency between the English version and the Chinese version of this annual report, the English version will prevail.

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大華馬施雲
會計師事務所有限公司

Independent Auditor's Report
to the Shareholders of Allied Sustainability and Environmental Consultants Group Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Allied Sustainability and Environmental Consultants Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 59 to 123, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (continued)

Revenue recognition

Refer to notes 4.10, 5, 6 and 7 to the consolidated financial statements

Key Audit Matter

The Group recorded revenue from the provision of consultancy services of approximately HK$42,497,000 for the year ended 31 March 2020.

Revenue and profit from the provision of consultancy services are recognised with reference to contract costs incurred at the reporting date for work performed as a percentage of total forecast contract costs.

The recognition of revenue and profit therefore relies on management's estimation of the final outcome of each contract which involves the exercise of significant management judgement, particularly in forecasting costs to complete a contract, in considering the valuation of variation orders and in considering the ability of the Group to deliver services according to the agreed timetables.

We identified revenue recognition as a key audit matter because of the significance of contract revenue to the consolidated financial statements and because the assessment of contract progress requires the exercise of significant management judgement, particularly in relation to the estimation of total forecast contract costs which is inherently subjective and could be subject to management bias.

How our audit addressed the key audit matter

Our audit procedures to assess the recognition of revenue included the following:

- assessed the design and implementation of key internal controls over the revenue and profit recognition processes;
- discussed with the Group's management and a director the performance of contracts, on a sample basis, and the recognition of variation orders, by obtaining and assessing information underlying the assumptions adopted, including contract agreements, sub-contracts, correspondence with customers regarding project progress, and by considering historical outcomes for similar contracts;
- recalculated the amount of revenue recognised for individual contracts, on a sample basis, based on the agreed contract sum (plus recognised variation orders, if any), total estimated costs and actual costs incurred up to the reporting date;
- inspected, on a sample basis, underlying documents to the customers, assessed the performance completed up to reporting date and evaluated whether the amount of revenue recognised for individual contracts up to reporting date is reasonable;
- inspected, on a sample basis, underlying documents in respect of actual costs incurred during the year ended 31 March 2020;
- discussed with the Group's management and a director and inspected a sample of contract agreements with customers to identify key terms of the contract and business practice of the industry and evaluated whether these key terms and business practice have been appropriately provided the Group with an enforceable right to payment, for its performance completed to date plus a reasonable margin in situation where the contract is terminated other than the Group's non-performance and the corresponding amounts have been appropriately recognised in the consolidated financial statements;
- performed a retrospective review of the estimations of costs to complete contracts by comparing the costs incurred for contracts completed in the current year with the estimates of such costs as at 31 March 2019 to assess the reliability of management's forecasting process; and
- inspected underlying documentation for manual journal entries relating to revenue raised during the year.

Key audit matters (continued)

Impairment assessment of accounts receivable and contract assets

Refer to notes 4.7, 5 and 38(a) to the consolidated financial statements

Key Audit Matter

As at 31 March 2020, the Group had accounts receivable and contract assets amounting to approximately HK$12,136,000 and HK$40,733,000 respectively. The Group had recognised an expected credit loss ("ECL") on accounts receivable and contract assets of approximately HK$1,239,000 during the year ended 31 March 2020.

The ECL assessment on accounts receivable and contract assets is considered to be a matter of most significance as it requires the application of significant judgement and use of subjective assumptions by the Group's management. The management of the Group believed that the methodologies and inputs used in estimating ECL are in accordance with the applicable accounting standard. These models and assumptions relate to the future macroeconomic conditions and debtors' creditworthiness. The Group has adopted judgement, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards such as criteria for judging significant increase in credit risk, definition of credit-impaired financial asset, parameters for measuring ECL and forward-looking information.

How our audit addressed the key audit matter

Our key procedures to address the matter included:

- evaluated the methodologies, inputs and assumptions used by the Group in calculating the ECL, by reference to externally available economic data;
- obtained an ageing analysis of the accounts receivable from the management of the Group and tested the accuracy of ageing of accounts receivable at the reporting date to the underlying invoices on a sample basis;
- challenged the management's assessment of the recoverability of long outstanding and overdue accounts receivable and contract assets;
- selected samples considering the management's assessment of the latest financial conditions of the debtors, based on historical experience and observable external data; and
- assessed the adequacy of the ECL recorded by reviewing subsequent settlements after the year end and any correspondence with customers about expected settlement dates.

Information other than the consolidated financial statements and auditor's report thereon

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report 2020, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the audit committee of the Company in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor’s responsibilities for the audit of the consolidated financial statements (continued)

We communicate with the audit committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Company with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the audit committee of the Company, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore Stephens CPA Limited
Certified Public Accountants

Leung Yu Ngong
Practising Certificate Number: P06734

Hong Kong, 24 June 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2020

	Notes	2020 HK$'000	2019 (note) HK$'000
Revenue	7	**42,497**	30,120
Cost of services provided		**(21,575)**	(20,429)
Gross profit		**20,922**	9,691
Other income and gains	7	**212**	278
Administrative expenses		**(18,557)**	(19,993)
Finance costs	8	**(297)**	(144)
Net impairment loss on accounts receivable and contract assets	38(a)	**(1,239)**	(286)
Profit/(loss) before income tax	9	**1,041**	(10,454)
Income tax (expense)/credit	12	**(270)**	570
Profit/(loss) for the year wholly attributable to owners of the Company		**771**	(9,884)
Other comprehensive (loss)/income for the year wholly attributable to owners of the Company, net of tax			
Item that will not be reclassified to profit or loss:			
– Change in fair value of equity investments designated at fair value through other comprehensive income	13	**(2,225)**	101
Total comprehensive loss for the year wholly attributable to owners of the Company		**(1,454)**	(9,783)
Earnings/(loss) per share attributable to owners of the Company			
– Basic earnings/(loss) per share (HK cents)	14	**0.07**	(0.84)
– Diluted earnings/(loss) per share (HK cents)	14	**0.07**	(0.84)

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 3.2.

Consolidated Statement of Financial Position

As at 31 March 2020

	Notes	2020 HK$'000	2019 (note) HK$'000
Non-current assets			
Property, plant and equipment	15	**1,420**	688
Intangible assets	16	**525**	665
Right-of-use assets	17	**8,467**	–
Financial assets at fair value through other comprehensive income	18	**1,161**	3,334
Financial assets at fair value through profit or loss	19	**3,008**	–
Prepayments for intangible assets and deposit	22	**938**	160
Deferred tax assets	28	**1,102**	1,369
		16,621	6,216
Current assets			
Contract assets	20	**40,733**	33,669
Accounts receivable	21	**12,136**	9,229
Prepayments, deposits and other receivables	22	**3,137**	3,832
Current tax recoverable		**–**	781
Pledged bank deposits	23(c)	**5,117**	5,087
Cash and cash equivalents	23(a)	**8,092**	17,046
		69,215	69,644
Current liabilities			
Accounts payable	24	**1,055**	87
Other payables and accruals	25	**6,861**	6,185
Bank loans	26	**3,500**	3,500
Contract liabilities	20	**1,167**	452
Lease liabilities	27	**3,910**	–
Current tax payable		**160**	160
		16,653	10,384
Net current assets		**52,562**	59,260
Total assets less current liabilities		**69,183**	65,476

Consolidated Statement of Financial Position

As at 31 March 2020

	Notes	2020 HK$'000	2019 (note) HK$'000
Non-current liability			
Lease liabilities	27	**4,737**	–
Net assets		**64,446**	65,476
Equity			
Share capital	29	**12,000**	12,000
Reserves	30	**52,446**	53,476
Total equity		**64,446**	65,476

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 3.2.

The consolidated financial statements on pages 59 to 123 were approved and authorised for issue by the Board of Directors on 24 June 2020 and are signed on its behalf by:

KWOK May Han Grace
Director

WU Dennis Pak Kit
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Wholly attributable to owners of the Company						
	Issued capital HK$'000 (note 29)	**Other reserves*** HK$'000 (note 30)	**Revaluation reserve*** HK$'000 (note 30)	**Shares held under share award scheme*** HK$'000 (note 30)	**Share award reserve*** HK$'000 (note 30)	**Retained profits/ (accumulated losses)*** HK$'000	**Total equity** HK$'000
At 1 April 2018	12,000	61,102	(410)	(4,099)	–	6,745	75,338
Loss for the year	–	–	–	–	–	(9,884)	(9,884)
Other comprehensive income for the year:							
Change in fair value of equity investments designated at fair value through other comprehensive income	–	–	101	–	–	–	101
Total comprehensive income/(loss) for the year	–	–	101	–	–	(9,884)	(9,783)
Purchase of shares under share award scheme (note 30)	–	–	–	(978)	–	–	(978)
Equity-settled share-based payments (note 32)	–	–	–	–	899	–	899
Ordinary shares to be issued upon vesting of share award (note 32)	–	551	–	–	(551)	–	–
At 31 March 2019 and 1 April 2019	**12,000**	**61,653**	**(309)**	**(5,077)**	**348**	**(3,139)**	**65,476**
Profit for the year	–	–	–	–	–	771	771
Other comprehensive loss for the year:							
Change in fair value of equity investments designated at fair value through other comprehensive income	–	–	(2,225)	–	–	–	(2,225)
Total comprehensive (loss)/income for the year	–		(2,225)	–	–	771	(1,454)
Issuance of shares to share award grantee (note 30)	–	(666)	–	666	–	–	–
Equity-settled share-based payments (note 32)	–	–	–	–	424	–	424
Ordinary shares to be issued upon vesting of share award (note 32)	–	469	–	–	(469)	–	–
At 31 March 2020	**12,000**	**61,456**	**(2,534)**	**(4,411)**	**303**	**(2,368)**	**64,446**

* These accounts comprise the consolidated reserves of approximately HK$52,446,000 (2019: HK$53,476,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	Notes	2020 HK$'000	2019 (note) HK$'000
Cash flows from operating activities			
Profit/(loss) before income tax		**1,041**	(10,454)
Adjustments for:			
Finance costs	8	**297**	144
Interest income	7	**(50)**	(137)
Dividend income	7	**(70)**	(54)
Depreciation of property, plant and equipment	9	**619**	466
Depreciation of right-of-use assets	9	**2,796**	–
Amortisation of intangible assets	9	**140**	35
Equity-settled share-based payment expenses	9	**424**	899
(Reversal of provision)/provision for long service payment	9	**(59)**	169
Fair value gain on financial assets at fair value through profit or loss	7	**(8)**	–
Written off of prepayment	9	**160**	–
Written off of property, plant and equipment	9	**88**	–
Impairment of accounts receivable, net	9	**1,045**	562
Impairment/(reversal of impairment) of contract assets	9	**194**	(276)
		6,617	(8,646)
Increase in contract assets		**(7,258)**	(895)
Increase in accounts receivable		**(3,952)**	(816)
(Increase)/decrease in prepayments, deposits and other receivables		**(243)**	2,008
Increase in accounts payable		**968**	44
Increase in other payables and accruals		**680**	527
Increase/(decrease) in contract liabilities		**715**	(328)
Cash used in operations		**(2,473)**	(8,106)
Interest received		**20**	68
Hong Kong Profits Tax refunded		**781**	–
The People's Republic of China Corporate Income Tax paid		**(3)**	–
Net cash used in operating activities		**(1,675)**	(8,038)

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	Notes	2020 HK$'000	2019 (note) HK$'000
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment		**(1,439)**	(268)
Payments for acquisition of intangible assets		**–**	(700)
Payment for purchase of equity investment classified as financial assets at fair value through other comprehensive income		**(52)**	–
Payment for purchase of equity investment classified as financial assets at fair value through profit or loss		**(3,000)**	–
Proceeds from disposal of equity investment classified as financial assets at fair value through other comprehensive income		**–**	4,393
Dividend received from equity investments at fair value through other comprehensive income		**70**	54
Net cash (used in)/generated from investing activities		**(4,421)**	3,479
Cash flows from financing activities			
Proceeds from new bank loans	23(b)	**7,000**	14,000
Repayment of bank loans	23(b)	**(7,000)**	(14,809)
Repayment to a related party	23(b)	**–**	(4,526)
Payment for purchase of shares of the Company under share award scheme		**–**	(978)
Principal element of lease rental paid	23(b)	**(2,561)**	–
Interest element of lease rental paid	23(b)	**(183)**	–
Interest paid		**(114)**	(144)
Net cash used in financing activities		**(2,858)**	(6,457)
Net decrease in cash and cash equivalents		**(8,954)**	(11,016)
Cash and cash equivalents at beginning of the year	23(a)	**17,046**	28,062
Cash and cash equivalents, representing cash and bank balances at end of the year	23(a)	**8,092**	17,046

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 3.2.

1. Corporate Information

Allied Sustainability and Environmental Consultants Group Limited (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's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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").

In the opinion of the directors of the Company, the ultimate holding company is Gold Investments Limited, a company incorporated in the British Virgin Islands (the "BVI"). Ms. Kwok May Han Grace, the chairman and executive director of the Company, being the controlling shareholder of Gold Investments Limited, is the ultimate controlling shareholder of the Company.

Particulars of the subsidiaries of the Company directly and indirectly held, are set out below. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation and kind of legal entity	Particulars of issued and paid up capital	Percentage of ownership interest held by the Company as at 31 March		Principal activities and place of operation
			2020	2019	
Directly held					
AEC Group Limited ("AEC BVI")	The BVI, private limited liabilities company	United States dollars ("US$") 54,756	**100%**	100%	Investment holding
Indirectly held					
AEC China Development Limited	Hong Kong, private limited liabilities company	HK$2	**100%**	100%	Investment holding
Allied Environmental Consultants Limited ("AEC Hong Kong")	Hong Kong, private limited liabilities company	HK$2,040	**100%**	100%	Provision of consultancy services in Hong Kong
Allied Sustainability Consultants Limited	Hong Kong, private limited liabilities company	HK$2	**100%**	100%	Inactive
Qianhai Allied Environmental Consultants Shenzhen Company Limited	The PRC, wholly foreign owned enterprises	Renminbi 100,000	**100%**	100%	Inactive
AEC Green Construction Limited	The BVI, private limited liabilities company	HK$10,000	**100%**	100%	Inactive

1. Corporate Information (continued)

Name of company	Place of incorporation and kind of legal entity	Particulars of issued and paid up capital	Percentage of ownership interest held by the Company as at 31 March 2020	2019	Principal activities and place of operation
Indirectly held (continued)					
AECI Green Technology Company Limited	Hong Kong, private limited liabilities company	HK$10,000	**100%**	100%	Inactive
AEC Lifa Air International Limited	The BVI, private limited liabilities company	HK$10,000	**100%**	100%	Inactive
AEC LP Limited	Hong Kong, private limited liabilities company	HK$10,000	**100%**	100%	Inactive
Light Plus Design Limited	Hong Kong, private limited liabilities company	HK$10,000	**100%**	100%	Provision of consultancy services in Hong Kong
Ocean International ESG Fund Limited	The Cayman Islands, private limited liabilities company	US$10,000	**100%**	100%	Inactive

2. Basis of Preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "Listing Rules").

The HKICPA has issued several new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Details of the changes in accounting policies are discussed in note 3.1.

2. Basis of Preparation (continued)

2.2 Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 March 2020 comprise the Company and its subsidiaries (the "Group").

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the financial assets at fair value through other comprehensive income ("FVTOCI") and financial assets at fair value through profit or loss ("FVTPL") are stated at their fair value as explained in the accounting policy set out in note 4.6.

This consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional currency, and all values are rounded to the nearest thousand unless otherwise indicated.

The preparation of consolidated 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.

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 consolidated financial statements and major sources of estimation uncertainty are discussed in note 5.

3. Adoption of New and Revised HKFRSs

3.1 Adoption of new and revised HKFRSs effective from 1 April 2019

In the current year, the Group has applied for the first time, the new and revised HKFRSs issued by the HKICPA that are mandatorily effective for an accounting period that begins on or after 1 April 2019. Of these, HKFRS 16 *Leases* ("HKFRS 16") is relevant to the Group's consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3.2 HKFRS 16

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) Interpretation 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

3. Adoption of New and Revised HKFRSs (continued)

3.2 HKFRS 16 (continued)

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

(i) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

(ii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment of whether leases are onerous by apply HKAS 37 as at 31 March 2019 as an alternative to performing an impairment review.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied by the relevant group entity is 2.96%.

	At 1 April 2019 HK$'000
Operating lease commitments disclosed as at 31 March 2019	1,524
Less: Practical expedient – leases with lease term ending within 12 months from the date of initial application	(1,270)
Less: Effects of discounting using the applicable incremental borrowing rate at the date of initial application	(14)
Lease liabilities discounted at relevant incremental borrowing rates relating to operating leases recognised upon application of HKFRS 16 as at 1 April 2019	240
Analysed as:	
Current	57
Non-current	183
	240

3. Adoption of New and Revised HKFRSs (continued)

3.2 HKFRS 16 (continued)

As a lessee (continued)

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the lease liabilities recognised as at 1 April 2019.

	Carrying amounts previously reported at 31 March 2019 HK$'000	Adjustments HK$'000	Carrying amounts under HKFRS 16 at 1 April 2019 HK$'000
Right-of-use assets	–	240	240
Total non-current assets	6,216	240	6,456
Lease liabilities (current)	–	(57)	(57)
Total current liabilities	(10,384)	(57)	(10,441)
Net current assets	59,260	(57)	59,203
Total assets less current liabilities	65,476	183	65,659
Lease liabilities (non-current)	–	(183)	(183)
Total non-current liabilities	–	(183)	(183)

3.3 New and revised HKFRSs that issued but not yet effective for the year ended 31 March 2020

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2020 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group.

		Effective for accounting periods beginning on or after
HKFRS 3 (Revised) Amendments	Definition of a Business	1 January 2020
HKAS 1 (Revised) and HKAS 8 Amendments	Definition of Material	1 January 2020
HKFRS 9, HKAS 39 and HKFRS 7 Amendments	Interest Rate Benchmark Reform	1 January 2020
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 16 Amendments	Covid-19-Related Rent Concessions	1 June 2020
HKFRS 17	Insurance Contracts	1 January 2021
HKFRS 10 and HKAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*

* The amendments were original intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred. Early application of the amendments continues to be permitted.

The Group has already commenced an assessment of the related impact of adopting the above new and revised HKFRSs. So far, it has concluded that the above new and revised HKFRSs will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

4. Summary of Significant Accounting Policies

4.1 Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (note 4.5), unless the investment is classified as held for sale.

4. Summary of Significant Accounting Policies (continued)

4.2 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its estimated residual value over its estimated useful life as follow:

– Furniture, fixtures and office equipment	3 to 5 years
– Leasehold improvement	shorter of lease term and 3 years
– Motor vehicles	4 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Estimated residual values, estimated useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

4.3 Intangible assets and amortisation

Intangible assets acquired separately are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any impairment loss. Amortisation for intangible assets with finite useful lives is provided on straight-line method over their estimated useful lives of five years.

Intangible assets with indefinite useful lives are carried at cost less any subsequent impairment losses. Intangible assets are tested for impairment as described above in note 4.5. Amortisation commences when intangible assets are available for use.

Amortisation of computer software is amortised on the straight-line basis over 5 years.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

4. Summary of Significant Accounting Policies (continued)

4.4 Leasing

The Group as a lessee (upon application of HKFRS 16 in accordance with transition in note 3.2)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand- alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

– the amount of the initial measurement of the lease liability;

– any lease payments made at or before the commencement date, less any lease incentives received;

– any initial direct costs incurred by the group; and

– an estimate of costs to be incurred by the group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

4. Summary of Significant Accounting Policies (continued)

4.4 Leasing (continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transition in note 3.2) (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

– fixed payments (including in-substance fixed payments), less any lease incentives receivable;

– variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable by the Group under residual value guarantees;

– the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

– payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

– the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

– the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

4. Summary of Significant Accounting Policies (continued)

4.4 Leasing (continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transition in note 3.2) (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

– the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

– the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

The Group as a lessee (prior to 1 April 2019)

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

4.5 Impairment of non-financial assets

Where an indication of impairment exists, the recoverable amounts of property, plant and equipment, intangible assets and right-of-use assets are estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

4. Summary of Significant Accounting Policies (continued)

4.6 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable and contract assets arising from contracts with customers (that do not have separately identified financing components) which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating and recognising interest income and interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but not considering the expected credit losses.

Interest income which are derived from the Group's ordinary course of business are presented as other income.

Financial assets

Classification and measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4. Summary of Significant Accounting Policies (continued)

4.6 Financial instruments (continued)

Financial assets (continued)

Classification and measurement of financial assets (continued)

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI on initial recognition if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term;
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not a financial guarantee contract of designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Financial assets are recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Accounting policy of impairment of financial assets measured at amortised cost is stated in note 4.7.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the fair value reserve under revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses/retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the other income and gains in profit or loss.

4. Summary of Significant Accounting Policies (continued)

4.6 Financial instruments (continued)

Financial assets (continued)

Classification and measurement of financial assets (continued)

(iii) Equity instruments designated as at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the other income and gains in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset measured at amortised cost and equity investments designated at FVTPL, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an equity investments designated at FVTOCI, the cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

4. Summary of Significant Accounting Policies (continued)

4.6 Financial instruments (continued)

Financial assets (continued)

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised costs. All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

The Group's financial liabilities include accounts payable, other payables and accruals, bank loans and lease liabilities.

Financial liabilities at amortised costs are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in "finance costs" in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

4.7 Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including accounts receivable, contract assets, deposits and other receivables, pledged bank deposits and cash and cash equivalents). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for accounts receivable and contract assets without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

4. Summary of Significant Accounting Policies (continued)

4.7 Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor; or

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. Summary of Significant Accounting Policies (continued)

4.7 Impairment of financial assets (continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– significant financial difficulty of the issuer or the borrower;

– a breach of contract, such as a default or past due event;

– the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

– it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of accounts receivable, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

4. Summary of Significant Accounting Policies (continued)

4.7 Impairment of financial assets (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped based on:

Nature of financial instruments (i.e. the Group's accounts receivable together with contract assets and deposits and other receivables are each assessed as a separate group.);

– Past-due status;

– Nature, size and industry of debtors; and

– External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivable and contract assets where the corresponding adjustment is recognised through a loss allowance account.

4.8 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash, which are not restricted to use.

4. Summary of Significant Accounting Policies (continued)

4.9 Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

– when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

– when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4. Summary of Significant Accounting Policies (continued)

4.10 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. "Control" refers to the customer's ability to direct the use of and obtain substantially all of the remaining benefits from an asset.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- 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.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue from provision of consultancy services

Revenue is recognised progressively based on input method, which the contract costs incurred to date as a percentage of total forecast costs to depict the transfer of control of the goods or services to the customer. The Group recognises revenue over time only if it can reasonably measure its progress towards complete satisfaction of the performance obligation. However, if the Group cannot reasonably measure the outcome but expects to recover the costs incurred in satisfying the performance obligation, then it recognises revenue to the extent of the costs incurred.

Incremental cost of obtaining a contract is capitalised if the Group expects to recover those costs, unless the amortisation period for such costs would be one year or less. Costs that will be incurred regardless of whether the contract is obtained are expensed as they are incurred.

The Group presents a contract liability or a contract asset in its consolidated statement of financial position when either party to the contract has performed. The Group performs by transferring goods or services to the customer, and the customer performs by paying consideration to the Group.

Any unconditional rights to consideration are presented separately as "Accounts receivable".

Contract liabilities are obligations to transfer goods or services to a customer for which the Group has received consideration, or for which an amount of consideration is due from the customer.

Contract assets are rights to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditional on something other than the passage of time.

4. Summary of Significant Accounting Policies (continued)

4.11 Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Share award scheme

The Group operates a share award scheme for the purposes of providing the selected participants with an opportunity to acquire a proprietary interest in the Company, to encourage and retain such individuals to work with the Group and provide additional incentive for them to achieve performance goals with a view to achieve the objectives of increasing the value of the Group and aligning the interests of the selected participants directly to the shareholders of the Company through ownership of shares.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

4. Summary of Significant Accounting Policies (continued)

4.11 Employee benefits (continued)

Shares held under share award scheme

The shares held under share award scheme are acquired from open market. The net consideration paid, including any directly attributable incremental costs, is presented as "Shares held under share award scheme" and deducted from total equity.

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance in Hong Kong for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

There were no forfeited contributions utilised by the Group to reduce existing level of contributions for each of the years.

4.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.13 Foreign currencies

These consolidated financial statements are presented in HK$, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

4. Summary of Significant Accounting Policies (continued)

4.14 Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly-controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a parent of the Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. Summary of Significant Accounting Policies (continued)

4.15 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in these consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4.16 Segment reporting

Operating segments, and the amounts of each segment item reported in these consolidated financial statements, are identified from the financial information provided regularly to the executive director of the Company, being the chief operating decision maker, for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5. Significant Accounting Estimates and Judgements

The preparation of these consolidated financial statements requires management to make judgement, 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 judgement, 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.

The key judgement and 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

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, as further explained in note 4.10, 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 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.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's accounts receivable and contract assets are disclosed in note 38(a).

5. Significant Accounting Estimates and Judgements (continued)

Net impairment loss of accounts receivable of approximately HK$1,045,000 (2019: approximately HK$562,000) and impairment loss of contract assets of approximately HK$194,000 (2019: reversal of impairment loss of contract assets of approximately HK$276,000) were recognised during the year ended 31 March 2020. Further details are disclosed in note 38(a).

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 stated in note 4.5. 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.

During the year ended 31 March 2020, no impairment loss on property, plant and equipment, intangible assets and right-of-use assets were recognised by the Group (2019: 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. The Group has unused tax loss carried forward amounting to approximately HK$1,359,000 (2019: approximately HK$8,316,000). The unused tax losses are subject to the approval by the Hong Kong Inland Revenue Department. Further details are disclosed in note 28.

Fair value of financial instruments

The best evidence of fair value is the published price quotations in an active market. In the absence of such information, the fair value is determined by the management. Such valuation is subject to limitations of the valuation models adopted and the uncertainty in estimates used by management in the assumptions. Should the estimates and the relevant parameters of the valuation models be changed, there would be material changes in the fair value of certain financial instruments without quoted prices.

6. Segment Information

For management purposes, the Group is organised into 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) Acoustic, 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/(loss) before income tax. The adjusted profit/(loss) 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 property, plant and equipment, intangible assets, right-of-use assets, deferred tax assets, financial assets at FVTOCI, financial assets at FVTPL, 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 bank loans, lease liabilities, current tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

6. Segment Information (continued)

	Green building certification consultancy		Sustainability and environmental consultancy		Acoustics, noise and vibration control and audio-visual design consultancy		ESG reporting and consultancy		Total	
	2020 HK$'000	2019 HK$'000	**2020 HK$'000**	2019 HK$'000	**2020 HK$'000**	2019 HK$'000	**2020 HK$'000**	2019 HK$'000	**2020 HK$'000**	2019 HK$'000
Segment revenue:										
Revenue – over time										
Hong Kong	**17,645**	9,831	**10,557**	10,537	**8,738**	5,453	**3,213**	3,706	**40,153**	29,527
The PRC	**1,411**	–	**–**	–	**290**	413	**593**	24	**2,294**	437
Macau	**32**	–	**6**	–	**12**	156	**–**	–	**50**	156
	19,088	9,831	**10,563**	10,537	**9,040**	6,022	**3,806**	3,730	**42,497**	30,120
Segment results	**8,582**	2,454	**5,448**	3,210	**4,122**	1,746	**1,531**	1,995	**19,683**	9,405
Reconciliation										
Unallocated income									**212**	278
Unallocated expenses									**(18,557)**	(19,993)
Finance costs									**(297)**	(144)
Profit/(loss) before income tax									**1,041**	(10,454)
Segment assets	**28,319**	23,170	**12,456**	11,528	**10,796**	7,567	**2,342**	1,826	**53,913**	44,091
Reconciliation										
Property, plant and equipment									**1,420**	688
Intangible assets									**525**	665
Right-of-use assets									**8,467**	–
Financial assets at FVTOCI									**1,161**	3,334
Financial assets at FVTPL									**3,008**	–
Deferred tax assets									**1,102**	1,369
Current tax recoverable									**–**	781
Pledged bank deposits									**5,117**	5,087
Cash and cash equivalents									**8,092**	17,046
Unallocated head office and corporate assets									**3,031**	2,799
Total unallocated assets									**31,923**	31,769
Total assets									**85,836**	75,860
Segment liabilities	**491**	489	**1,103**	4	**566**	46	**62**	–	**2,222**	539
Reconciliation										
Other payables and accruals									**6,861**	6,185
Bank loans									**3,500**	3,500
Lease liabilities									**8,647**	–
Current tax payable									**160**	160
Total unallocated liabilities									**19,168**	9,845
Total liabilities									**21,390**	10,384

6. Segment Information (continued)

	Green building certification consultancy		Sustainability and environmental consultancy		Acoustics, noise and vibration control and audio-visual design consultancy		ESG reporting and consultancy		Total	
	2020 HK$'000	2019 HK$'000	**2020 HK$'000**	2019 HK$'000	**2020 HK$'000**	2019 HK$'000	**2020 HK$'000**	2019 HK$'000	**2020 HK$'000**	2019 HK$'000
Other segment information										
Impairment/(reversal of impairment) of accounts receivable, net	**718**	116	**(281)**	264	**267**	140	**341**	42	**1,045**	562
Impairment/(reversal of impairment) of contract assets	**97**	(137)	**33**	(89)	**62**	(46)	**2**	(4)	**194**	(276)
Unallocated:										
– Depreciation and amortisation									**3,555**	501
– Capital expenditure*									**12,186**	968

* Capital expenditure consists of additions to property, plant and equipment, intangible assets and right-of-use assets.

(a) Geographical information

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

(b) The Group's non-current assets were located in Hong Kong as at 31 March 2019 and 2020.

(b) Information about major customers

No revenue from a single external customer accounted for 10% or more of the Group's revenue for the years ended 31 March 2019 and 2020.

7. Revenue and Other Income and Gains

Revenue represents income arising from the Group's principal activities which are provision of consultancy services. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Under the contracts with customers, each consultancy service contract relates to facts and circumstances that are specific to each customer.

Revenue is recognised over time and is disaggregated by nature of consultancy services and primary geographical market in note 6.

Remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at 31 March 2020 and 2019.

	2020 **HK$'000**
Remaining performance obligations expected to be satisfied during the year ending:	
31 March 2021	**22,653**
31 March 2022	**5,108**
After 31 March 2022	**38,075**
	65,836

	2019 HK$'000
Remaining performance obligations expected to be satisfied during the year ending:	
31 March 2020	22,642
31 March 2021	2,157
After 31 March 2021	27,733
	52,532

Other income and gains

	2020 **HK$'000**	2019 HK$'000
Dividend income (note 18)	**70**	54
Interest income	**50**	137
Fair value gain on financial assets at FVTPL	**8**	–
Others	**84**	87
	212	278

8. Finance Costs

	2020 **HK$'000**	2019 HK$'000
Interest on bank loans and overdrafts	**114**	144
Interest on lease liabilities	**183**	–
	297	144

9. Profit/(Loss) Before Income Tax

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

	2020 **HK$'000**	2019 HK$'000
Amortisation of intangible assets* (note 16)	**140**	35
Depreciation of property, plant and equipment* (note 15)	**619**	466
Depreciation of right-of-use assets (note 17)	**2,796**	–
Auditor's remuneration		
– Audit services	**700**	650
– Non-audit services	**–**	50
Employee benefits expense*** (including directors' emoluments (note 10)):		
– Salaries, allowances and benefits in kind	**19,420**	20,309
– Discretionary performance-related bonuses	**–**	1,199
– Retirement benefit scheme contributions (defined contribution scheme)	**783**	810
– (Reversal of provision)/provision for long service payment	**(59)**	169
– Equity-settled share-based payment expenses (note 32)	**424**	899
	20,568	23,386
Impairment of accounts receivable, net** (note 38(a))	**1,045**	562
Impairment/(reversal of impairment) of contract assets** (note 38(a))	**194**	(276)
Written off of prepayment	**160**	–
Written off of property, plant and equipment (note 15)	**88**	–
Minimum lease payments under operating leases for buildings	**–**	3,186
Net foreign exchange loss	**34**	10

* Included in "administrative expenses" in profit or loss.

** Included in "net impairment loss on accounts receivable and contract assets" in profit or loss.

*** Total staff cost of approximately HK$16,385,000 (2019: approximately HK$15,594,000) and HK$4,183,000 (2019: approximately HK$7,792,000), has been charged to cost of services provided and administrative expenses, respectively, for the year ended 31 March 2020.

10. Directors' Emoluments

Directors' emoluments paid or payable disclosed pursuant to the Listing Rules and section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary performance-related bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Equity-settled share-based payment expenses HK$'000	Total HK$'000
For the year ended 31 March 2020						
Chairman and executive director						
Ms. Kwok May Han Grace	**286**	**1,577**	**–**	**18**	**174**	**2,055**
Non-executive director						
Mr. Wu Dennis Pak Kit	**280**	**–**	**–**	**–**	**85**	**365**
Independent non-executive directors						
Mr. Szeto Chi Hang Clive (note (ii))	**105**	**–**	**–**	**–**	**–**	**105**
Mr. Li Wing Sum Steven (note (iv))	**132**	**–**	**–**	**–**	**–**	**132**
Ms. Wong Yee Lin Elaine	**140**	**–**	**–**	**–**	**–**	**140**
Professor Lam Kin Che	**140**	**–**	**–**	**–**	**–**	**140**
	1,083	**1,577**	**–**	**18**	**259**	**2,937**
For the year ended 31 March 2019						
Chairman and executive director						
Ms. Kwok May Han Grace	–	1,774	70	18	268	2,130
Non-executive director						
Mr. Wu Dennis Pak Kit	262	–	–	–	131	393
Independent non-executive directors						
Mr. Lie Kong Sang (note (iii))	42	–	–	–	–	42
Mr. Li Wing Sum Steven (note (iv))	84	–	–	–	–	84
Ms. Wong Yee Lin Elaine	131	–	–	–	–	131
Professor Lam Kin Che	131	–	–	–	–	131
	650	1,774	70	18	399	2,911

Notes:

(i) The Company has no chief executive.

(ii) Mr. Szeto Chi Hang Clive was appointed as an independent non-executive director of the Company with effect from 4 June 2019.

(iii) Mr. Lie Kong Sang resigned as an independent non-executive director of the Company with effect from 30 June 2018.

(iv) Mr. Li Wing Sum Steven was appointed as an independent non-executive director of the Company with effect from 30 June 2018.

10. Directors' Emoluments (continued)

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office (2019: Nil).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2019: Nil).

Fee, salaries, allowances and benefits in kind paid to or for the executive director of the Company are generally emoluments paid or receivable in respect of the executive director's services in connection with the management of the affairs of the Company and its subsidiaries.

11. Five Highest Paid Employees Emoluments

One (2019: one) of the five highest paid individuals was a director of the Company for the year ended 31 March 2020. Details of her emolument are set out in note 10. Details of the emolument of the remaining four (2019: four) non-director highest paid employees for the year ended 31 March 2020 are as follows:

	2020 HK$'000	2019 HK$'000
Salaries, allowances and benefits in kind	**2,856**	2,872
Discretionary performance-related bonuses	**–**	227
Retirement benefit scheme contributions	**72**	72
Equity-settled share-based payment expenses	**52**	108
	2,980	3,279

The emolument of the four (2019: four) non-director highest paid employees for the year ended 31 March 2020 were within the following bands:

	2020 No. of individuals	2019 No. of individuals
Emolument band		
Nil – HK$1,000,000	**3**	3
HK$1,000,001 – HK$1,500,000	**1**	1

During the years ended 31 March 2020 and 2019, no remuneration was paid by the Group to any of the non-director highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

12. Income Tax Expense/(Credit)

	2020 HK$'000	2019 HK$'000
Current – PRC Corporate Income Tax ("CIT")		
Charge for the year	**3**	16
Deferred tax (note 28)	**267**	(586)
Income tax expense/(credit)	**270**	(570)

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 (2019: Nil).

Hong Kong Profits Tax has not been provided as the Group estimated assessable profits arising in Hong Kong were set off against the tax losses recognised in prior years for the year ended 31 March 2020. No Hong Kong Profits Tax has been provided for the year ended 31 March 2019 as the Group has no assessable profits derived in Hong Kong during the year ended 31 March 2019.

PRC CIT has been provided at the rate of 25% (2019: 25%) on the estimated assessable profits arising in the PRC for the year ended 31 March 2020.

A reconciliation of the tax credit applicable to profit/(loss) before income tax at the statutory rate to the tax expense/(credit) at the effective tax rate is as follows:

	2020 HK$'000	2019 HK$'000
Profit/(loss) before income tax	**1,041**	(10,454)
Notional tax at the rates applicable to losses in the relevant tax jurisdictions	**918**	(954)
Income not taxable	**(55)**	(8)
Expenses not deductible for tax	**103**	376
Effect of CIT on PRC service income	**3**	16
Utilisation of tax losses previously not recognised	**(721)**	–
Tax loss not recognised	**22**	–
Income tax expense/(credit)	**270**	(570)

13. Other Comprehensive (Loss)/Income

Components of other comprehensive (loss)/income

	2020 HK$'000	2019 HK$'000
Financial assets at FVTOCI:		
Change in fair value recognised during the year	(2,225)	101
Net movement in the revaluation reserve during the year recognised in other comprehensive income	(2,225)	101

There is no tax effect relating to the net movement of financial assets at FVTOCI for the years ended 31 March 2020 and 2019.

14. Earnings/(Loss) Per Share Attributable to Owners of the Company

Basic earnings/(loss) per share

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

	2020 HK$'000	2019 HK$'000
Profit/(loss) for the year attributable to owners of the Company used in calculation basic earnings/(loss) per share	771	(9,884)

	Number of shares	Number of shares
Weighted average number of ordinary shares:		
Issued ordinary shares at the beginning of the year	1,177,900,000	1,184,000,000
Net effect of shares issued to the grantees/(purchased in the open market) under share award scheme	1,676,202	(3,744,658)
Weighted average number of ordinary shares for the purpose of the basic earnings/(loss) per share	1,179,576,202	1,180,255,342

14. Earnings/(Loss) Per Share Attributable to Owners of the Company (continued)

Diluted earnings/(loss) per share

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

	2020 HK$'000	2019 HK$'000
Profit/(loss) for the year attributable to owners of the Company used in calculating diluted earnings/(loss) per share	**771**	(9,884)

	Number of shares	Number of shares
Weighted average number of ordinary shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings/(loss) per share	**1,179,576,202**	1,180,255,342
Adjustments for calculation of diluted earnings/(loss) per share:		
Share award scheme	**194,845**	N/A
Adjusted weighted average number of ordinary shares for the purpose of the diluted earnings/(loss) per share	**1,179,771,047**	1,180,255,342

As at 31 March 2020 and 2019, the Company has outstanding share award. For the outstanding share award, the number of shares that would have been issued assuming the exercise of the share award less the number of shares that could have been issued at fair value (determined as the weighted average amount per employee to be recognised over the remainder of the vesting period for employee services to be rendered per share) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share for the year ended 31 March 2020.

The computation of diluted loss per share during the year ended 31 March 2019 does not assume the exercise of the share award because the assumed grant of shares in relation to the share award scheme has anti-dilutive effect to the basic loss per share.

15. Property, Plant and Equipment

	Furniture, fixtures and office equipment HK$'000	Leasehold improvement HK$'000	Motor vehicles HK$'000	Total HK$'000
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	268	–	–	268
Depreciation provided during the year	(402)	–	(64)	(466)
At 31 March 2019, net of accumulated depreciation	581	–	107	688
At 31 March 2019 and 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	**48**	**1,391**	**–**	**1,439**
Written off	**(88)**	**–**	**–**	**(88)**
Depreciation provided during the year	**(324)**	**(231)**	**(64)**	**(619)**
At 31 March 2020, net of accumulated depreciation	**217**	**1,160**	**43**	**1,420**
At 31 March 2020				
Cost	**1,167**	**1,391**	**256**	**2,814**
Accumulated depreciation	**(950)**	**(231)**	**(213)**	**(1,394)**
Net carrying amount	**217**	**1,160**	**43**	**1,420**

16. Intangible Assets

	Computer software HK$'000
Cost	
At 1 April 2018	–
Addition	700
At 31 March 2019, 1 April 2019 and 31 March 2020	**700**
Accumulated amortisation	
At 1 April 2018	–
Amortisation provided during the year	(35)
At 31 March 2019 and 1 April 2019	(35)
Amortisation provided during the year	(140)
At 31 March 2020	**(175)**
Net book value	
At 31 March 2020	**525**
At 31 March 2019	665

17. Right-of-use Assets

The Group has lease contracts for various properties and office equipment used for its operation. Those leases generally run for an initial period of two to five years. There are no lease contracts that include variable lease payments.

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leased properties HK$'000	Office equipment HK$'000	Total HK$'000
At 1 April 2018 and 31 March 2019	–	–	–
Upon adoption of HKFRS 16 (note 3.2)	–	240	240
At 1 April 2019	–	240	240
Additions	10,747	–	10,747
Modification of lease (note 27)	–	276	276
Depreciation	(2,709)	(87)	(2,796)
At 31 March 2020	8,038	429	8,467

18. Financial Assets at FVTOCI

	2020 HK$'000	2019 HK$'000
Financial assets at FVTOCI		
– Listed equity securities in Hong Kong	**1,161**	3,334

Listed equity securities as at 31 March 2020 and 2019 represent investments in ordinary shares of Sanbase Corporation Limited ("Sanbase"), a listed company in Hong Kong.

The Group designated the listed equity securities at FVTOCI (non-recycling), as the investment is held for long-term strategic purposes.

For details of the fair value measurement are set out in note 37.

During the year, dividends of approximately HK$70,000 (2019: approximately HK$54,000) were declared by the listed equity securities and received by the Group. Dividend income was recognised in the consolidated statement of profit or loss and other comprehensive income under other income and gains (note 7).

19. Financial Assets at FVTPL

	2020 HK$'000	2019 HK$'000
Unlisted securities at fair value:		
– Equity investment in Hong Kong	**3,008**	–

On 21 November 2019, the Group acquired 6.98% equity interest in ProSage Sustainability Development Limited ("ProSage"), a private company incorporated in Hong Kong, with at an agreed consideration of HK$3,000,000. The consideration was settled by cash. ProSage is principally engaged in the provision of ESG related e-learning solutions and consultancy services.

As part of the investment, if the actual total net profit of ProSage for the periods from 22 November 2018 to 31 December 2021, is less than an aggregate amount of HK$9,000,000, ProSage will compensate the Group for the shortfall in cash or in ProSage's ordinary shares at the discretion of the Group (the "Profit Guarantee"). The compensation will be determined by the difference between the Profit Guarantee and the actual profit of ProSage based on the agreed formula stated in the agreements between the Group and ProSage. The major shareholder of ProSage provided the guarantee on the settlement of the compensation to the Group.

This unlisted securities, including the Profit Guarantee, is classified as financial assets at FVTPL.

Details of the fair value measurement are set out in note 37.

20. Contract Balances

	2020 HK$'000	2019 HK$'000
Contract assets	**41,782**	34,524
Less: Allowance for credit losses (note 38(a))	**(1,049)**	(855)
Contract assets, net of loss allowance	**40,733**	33,669
Contract liabilities	**(1,167)**	(452)
	39,566	33,217

The amount of revenue recognised during the year ended 31 March 2020 from performance obligations satisfied in previous periods, mainly due to the changes in estimate of the stage of completion, is approximately HK$7,851,000 (2019: approximately HK$208,000).

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contracts of the Group include payment schedules which require stage payments over the service period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. The contract assets are transferred to receivables when the rights become unconditional and the Group has billed to the customers. The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the provision of related services.

Movement in the contract assets balance during the year are as follows:

	2020 HK$'000	2019 HK$'000
Transfers from contract assets recognised at the beginning of the year to accounts receivable	**(15,440)**	(14,281)

Movement in the contract liabilities balance during the year are as follows:

	2020 HK$'000	2019 HK$'000
At the beginning of the year	**452**	780
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**(22)**	(368)
Increase of receipts in advance from customers	**737**	40
At the end of the year	**1,167**	452

Details of impairment assessment of contract assets for the year ended 31 March 2020 are set out in note 38(a).

21. Accounts Receivable

	2020 HK$'000	2019 HK$'000
Accounts receivable	**17,091**	13,139
Less: Allowance for credit losses (note 38(a))	**(4,955)**	(3,910)
	12,136	9,229

Accounts receivable represent receivables for contract works. Accounts receivable are due within 0 to 30 days (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.

The ageing analysis of the accounts receivable based on due date is as follows:

	2020 HK$'000	2019 HK$'000
Current	**4,917**	5,043
Less than 1 month past due	**1,712**	495
1 to 3 months past due	**2,770**	1,897
4 to 6 months past due	**1,167**	593
Over 6 months past due	**1,570**	1,201
	12,136	9,229

Details of impairment assessment of accounts receivable for the year ended 31 March 2020 are set out in note 38(a).

22. Prepayments, Deposits and Other Receivables

	2020 HK$'000	2019 HK$'000
Prepayments	**1,872**	1,908
Deposits and other receivables	**2,203**	2,084
	4,075	3,992
Less: Non-current portion	**(938)**	(160)
Current portion	**3,137**	3,832

23. Cash and Cash Equivalents

(a) Cash and cash equivalents:

Cash and cash equivalents comprise cash at banks and cash on hand. Cash at banks earns interest at floating rates based on daily bank deposit rates.

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

	Amount due to a related party HK$'000	**Bank loans** HK$'000 (note 26)	**Lease liabilities** HK$'000 (note 27)	**Total** HK$'000
At 1 April 2018	4,526	4,309	–	8,835
Changes from financing cash flows:				
Proceeds from new bank loans	–	14,000	–	14,000
Repayment of bank loans	–	(14,809)	–	(14,809)
Repayment to a related party	(4,526)	–	–	(4,526)
Interest paid	–	(144)	–	(144)
Total changes from financing cash flows	(4,526)	(953)	–	(5,479)
Other change:				
Interest expenses (note 8)	–	144	–	144
At 31 March 2019	–	3,500	–	3,500
Upon adoption of HKFRS 16 (note 3.2)	–	–	240	240
At 1 April 2019	–	3,500	240	3,740
Changes from financing cash flows:				
Proceeds from new bank loans	–	7,000	–	7,000
Repayment of bank loans	–	(7,000)	–	(7,000)
Interest paid	–	(114)	–	(114)
Principal element of lease rental paid	–	–	(2,561)	(2,561)
Interest element of lease rental paid	–	–	(183)	(183)
Total changes from financing cash flows	–	(114)	(2,744)	(2,858)
Other changes:				
Addition of lease liabilities	–	–	10,692	10,692
Modification of lease	–	–	276	276
Interest expenses (note 8)	–	114	183	297
Total other changes	–	114	11,151	11,265
At 31 March 2020	–	3,500	8,647	12,147

23. Cash and Cash Equivalents (continued)

(c) Pledged bank deposits

The balance of approximately HK$5,117,000 (2019: approximately HK$5,087,000) represents bank deposits pledged to secure the banking facilities (note 26). Pledged bank deposits earns interest at fixed rates based on pledged bank deposits rates.

24. Accounts Payable

An ageing analysis of the accounts payable as at the end of the reporting period, based on the invoice date, is as follows:

	2020 HK$'000	2019 HK$'000
Within 1 month	**268**	18
Over 1 month but within 6 months	**332**	–
Over 6 months	**455**	69
	1,055	87

Accounts payable are non-interest-bearing and are normally settled within 30 days (2019: within 30 days).

25. Other Payables and Accruals

	2020 HK$'000	2019 HK$'000
Accruals	**3,448**	2,908
Other payables	**303**	394
Advances received (note)	**3,000**	2,714
Provision for long service payment	**110**	169
	6,861	6,185

Note: Advances received represented the refundable deposits received from Sanbase for potential consultancy services.

26. Bank Loans

At 31 March 2020, the secured bank loans with a demand clause, based on the scheduled repayment terms set out in the loan agreements without taking into account the effect of any demand clause, were repayable as follows:

	2020 HK$'000	2019 HK$'000
Within 1 year	**3,500**	3,500

At 31 March 2020 and 2019, the banking facilities of the Group were secured by corporate guarantees provided by the Company and the pledge of the Group's bank deposits. Such banking facilities amounted to HK$6,500,000 (2019: HK$8,500,000). As at 31 March 2020, the facilities were utilised to the extent of HK$3,500,000 (2019: HK$3,500,000).

27. Lease Liabilities

The carrying amounts of the lease liabilities and the movements during the year are as follows:

	HK$'000
At 1 April 2018 and 31 March 2019	–
Upon adoption of HKFRS 16 (note 3.2)	240
At 1 April 2019	240
Addition	10,692
Modification of lease (note 17)	276
Interest expense (note 8)	183
Lease rental paid	(2,744)
At 31 March 2020	**8,647**
Analysed into:	
Current portion	**3,910**
Non-current portion	**4,737**
	8,647

The maturity analysis of the lease liabilities are disclosed in note 38(b), respectively.

The amounts recognised in profit or loss in relation to leases are as follows:

	2020 **HK$'000**
Interest on lease liabilities (note 8)	**183**
Depreciation charged on right-of-use assets (note 9)	**2,796**
Expenses relating to other leases with remaining lease terms ended on or before 31 March 2020	**1,633**
Total amounts recognised in profit or loss	**4,612**

Amount included in the consolidated statement of cash flows for leases comprise the following:

	2020 **HK$'000**	2019 HK$'000
Within operating cash flows	**1,633**	3,186
Within financing cash flows	**2,744**	–
	4,377	3,186

28. Deferred Tax

The movements of deferred tax assets/(liabilities) during the year are as follows:

	Future benefits of unused tax losses HK$'000	Depreciation allowance in excess of related depreciation HK$'000	ECL on accounts receivable and contract assets HK$'000	Provision for long service payment HK$'000	Total HK$'000
At 1 April 2018	410	(65)	438	–	783
Credited to profit or loss (note 12)	484	27	47	28	586
At 31 March 2019	894	(38)	485	28	1,369
(Charged)/credited to profit or loss (note 12)	(817)	73	505	(28)	(267)
At 31 March 2020	77	35	990	–	1,102

As at 31 March 2020, all unused tax losses of the Group have no expiry dates under the current tax legislation. The Group has unused taxable losses arising in Hong Kong of approximately HK$1,359,000 (2019: approximately HK$8,316,000). The unused tax losses are subject to the approval by the Hong Kong Inland Revenue Department. The directors of the Company considered that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved budgets for the Group and the Group is expected to generate taxable income for the coming years.

The Group has no other material deferred tax not provided in the consolidated financial statements as there were no other material temporary differences at the end of the reporting period.

29. Issued Capital

	2020 No. of shares '000	**HK$'000**	2019 No. of shares '000	HK$'000
Ordinary shares of HK$0.01 each				
Authorised:				
At the beginning and the end of the year	**5,000,000**	**50,000**	5,000,000	50,000
Issued and fully paid:				
At the beginning and the end of the year	**1,200,000**	**12,000**	1,200,000	12,000

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

30. Reserves

Other reserves

Share premium

Other reserve comprises the share premium account of the Company, which includes the premium arising from the issue of new shares pursuant to the share offering net of listing expenses and capitalisation issue.

Capital reserve

Capital reserve represents the excess of the consideration for issuance of shares of AEC BVI over their nominal value, net of the excess of the nominal value of shares of AEC BVI over the nominal value of shares of AEC Hong Kong exchanged as part of the reorganisation arrangements undergone by the Company for the listing of the Company's shares on GEM.

Shares to be issued

Other reserve also comprises the shares which should be vested to the participants under the Scheme (as defined in note 32). Substantive conditions including maintain as a director or an employee were satisfied before the vesting date and hence the amount was transferred from "share award reserve" to shares to be issued under "other reserves" as at the vesting date. The amount of approximately HK$701,000 (2019: approximately HK$744,000) will be credited to "shares held under share award scheme" and the difference of approximately HK$174,000 (2019: approximately HK$193,000) will be debited to share premium when the relevant shares were issued to the participants subsequent to 31 March 2020.

	Share premium HK$'000	**Capital reserve** HK$'000	**Shares to be issued** HK$'000	**Total other reserves** HK$'000
At 1 April 2017, 31 March 2018 and 1 April 2018	39,254	21,848	–	61,102
Ordinary shares to be issued upon vesting of share award (note 32)	–	–	551	551
At 31 March 2019	39,254	21,848	551	61,653
Ordinary shares issued in relation to vested share award	(173)	–	(493)	(666)
Ordinary shares to be issued upon vesting of share award (note 32)	–	–	469	469
At 31 March 2020	**39,081**	**21,848**	**527**	**61,456**

30. Reserves (continued)

Revaluation reserve

The Group designated the listed equity securities at FVTOCI (non-recycling), as the investment is held for long-term strategic purposes. The revaluation reserve comprises the cumulative net change in the fair value of financial assets at FVTOCI (non-recycling) held at 31 March 2019 and 2020 are dealt with in accordance with the accounting policies in note 4.6.

Shares held under share award scheme

The shares held under share award scheme represents the aggregate price paid for acquisition of 19,200,000 (2019: 22,100,000) shares of the Company for the purpose of the Scheme in the open market as at 31 March 2020.

The Company adopted the Scheme on 8 February 2017. Pursuant to the rules of the Scheme, the Company has set up a trust, of which BOCI-Prudential Trustee Limited (the "Trustee") acted as the independent trustee. The Company's shares were purchased by the Trustee in the open market and be held in trust for the selected participants until such shares are issued under the Scheme.

Share award reserve

Share award reserve represents the value of directors and employee services in respect of shares granted under the Scheme as set out in note 32. During the year ended 31 March 2020, 13,290,000 (2019: 12,100,000) shares award were granted to the participants.

31. Dividend

The Board of directors has resolved not to declare the payment of a dividend in respect of the year ended 31 March 2020 (2019: Nil).

32. Share Award Scheme

The share award scheme of the Company (the "Scheme") was adopted on 8 February 2017 (the "Adoption Date"). The purpose of the share award scheme is to complement its human resources policy for enhancing staff welfares to ensure talents can be retained and their productivity and potentials can be elevated.

Subject to the terms of the Scheme and the Listing Rules, the board may at any time make an offer to any eligible person whom it may in its absolute discretion select to accept the grant of an award over such a number of shares as it may determine (the "Participants"). Under the Scheme, the Participants are required to be continuously employed by the Group during the vesting period. Existing shares of the Company will be purchased by the Trustee of the share award scheme from the open market out of cash contributed by the Group and be held in trust for the relevant Participants until such shares are vested with the relevant Participants in accordance with the provisions of the share award scheme. The shares of the Company held by the Trustee until issuance are recognised as "shares held under share award scheme".

32. Share Award Scheme (continued)

No shares shall be purchased pursuant to the share award scheme, nor any amounts paid to the Trustee for the purpose of making such a purchase, if as a result of such purchase, the number of shares administered under the share award scheme shall exceed 2% of the issued capital of the Company at the Adoption Date. The maximum number of shares which may be granted to a Participant at any one time or in aggregate may not exceed 1% of the issued capital of the Company at the Adoption Date.

Subject to any early termination as may be determined by the board of directors, the Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date.

Particulars and movements of the shares award under the Scheme

For the year ended 31 March 2020

			Outstanding number of shares award				
Type of grantee	Date of grant	Fair value per share HK$	Balance at 1 April 2019 '000	Granted during the year '000 (note (a))	Vested during the year '000	Lapsed during the year '000	Balance at 31 March 2020 '000 (note (c))
Chairman and Executive director							
Ms. Kwok May Han Grace	20 April 2018	0.17	1,770	–	(880)	–	890
	18 December 2019	0.08	–	5,500	–	–	5,500
Non-executive director							
Mr. Wu Dennis Pak Kit	20 April 2018	0.17	870	–	(430)	–	440
	18 December 2019	0.08	–	2,750	–	–	2,750
			2,640	8,250	(1,310)	–	9,580
Employees							
In aggregate	20 April 2018	0.17	3,810	–	(1,450)	(960)	1,400
	18 December 2019	0.08	–	5,040	–	–	5,040
			3,810	5,040	(1,450)	(960)	6,440
			6,450	13,290	(2,760)	(960)	16,020

32. Share Award Scheme (continued)

Particulars and movements of the shares award under the Scheme (continued)

For the year ended 31 March 2019

Type of grantee	Date of grant	Fair value per share HK$	Outstanding number of shares award: Balance at 1 April 2018 '000	Granted during the year '000 (note (b))	Vested during the year '000	Lapsed during the year '000	Balance at 31 March 2019 '000 (note (c))
Chairman and executive director							
Ms. Kwok May Han Grace	20 April 2018	0.17	–	2,650	(880)	–	1,770
Non-executive director							
Mr. Wu Dennis Pak Kit	20 April 2018	0.17	–	1,300	(430)	–	870
			–	3,950	(1,310)	–	2,640
Employees							
In aggregate	20 April 2018	0.17	–	8,150	(1,930)	(2,410)	3,810
			–	12,100	(3,240)	(2,410)	6,450

Notes:

(a) On 18 December 2019, the Company granted 13,290,000 shares under the Scheme to the Participants, representing approximately 1.11% of the issued share capital of the Company at the Adoption Date. The awarded shares are subject to a vesting scale in tranches of 33% of the awarded shares respectively on the first and second anniversary dates of the grant date and the balance of the remaining awarded shares on the third anniversary date of the grant date.

(b) On 20 April 2018, the Company granted 12,100,000 shares under the Scheme to the Participants, representing approximately 1.01% of the issued share capital of the Company at the Adoption Date. The awarded shares are subject to a vesting scale in tranches of 33% of the awarded shares respectively on the first and second anniversary dates of the grant date and the balance of the remaining awarded shares on the third anniversary date of the grant date.

(c) The outstanding number of shares award as at 31 March 2020 and 2019 have the following vesting dates:

Vesting date	**2020 '000**
18 December 2020	**4,430**
23 March 2021	**2,730**
18 December 2021	**4,430**
18 December 2022	**4,430**
	16,020

32. Share Award Scheme (continued)

Particulars and movements of the shares award under the Scheme (continued)

Notes: (continued)

(c) The outstanding number of shares award as at 31 March 2020 and 2019 have the following vesting dates: (continued)

Vesting date	2019 '000
23 March 2020	3,240
23 March 2021	3,210
	6,450

(d) The weighted average remaining contractual life of share award outstanding as at 31 March 2020 is 1.57 (2019: 1.48) years.

During the year, 960,000 (2019: 2,410,000) shares lapsed due to resignation of grantees.

The fair value of the shares granted was calculated based on the market prices of the Company's shares at the respective grant dates. No dividend was considered in the calculation. The fair value of the shares granted on 20 April 2018 and 18 December 2019 were calculated as HK$0.17 and HK$0.08 per share respectively. During the year, the Group recognised a net expense relating to the share award scheme of approximately HK$424,000 (2019: HK$899,000) in the profit or loss (note 9).

During the year, 2,760,000 (2019: 3,240,000) shares were vested under the Scheme and transferred out of share award reserve amounting to HK$469,000 (2019: HK$551,000). However, due to certain administrative procedures have not yet been completed as at 31 March 2020, 3,050,000 (2019: 3,240,000) shares have not yet been issued to the respective grantees as at 31 March 2020, such amount was recognised as "shares to be issued" under other reserves (note 30). As at 31 March 2020, the respective shares with a total carrying amount of HK$701,000 (2019: HK$744,000) will be issued and will be credited to "shares held under share award scheme" subsequently after the completion of the administrative procedures.

33. Operating Lease Arrangements

The Group leases certain properties and office equipment under operating lease arrangements. The leases typically run for an initial period of two to five years (2019: two to five years).

As at 31 March 2019, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2019 HK$'000
Within one year	1,333
In the second to fifth year, inclusive	191
	1,524

The Group is the lessee in respect of a number of properties held under leases which were previously classified as operating leases under HKAS 17. From 1 April 2019 onwards, future lease payments are recognised as lease liabilities in the consolidated statement of financial position, and the details regarding the Group's future lease payments are disclosed in note 3.2.

34. Capital Commitments

At 31 March 2019, the Group had the following capital commitments in relation to the purchase of intangible assets not provided for in the consolidated financial statements:

	2020 HK$'000	2019 HK$'000
Contracted for	**–**	66

In addition, on 18 December 2019, the Group entered into a capital injection and equity transfer agreement (the "Agreement") with Mr. Shen Hong Ming, Mr. Li Kui and Beijing Dashi Derun Energy Technology Co. Ltd.* (北京達實德潤能源科技有限公司) (the "Target"), three independent parties, pursuant to which Mr. Shen Hong Ming agreed to sell an aggregate of approximately 31.6% equity interest in the Target to the Group and the Group agreed to further subscribe for additional equity interest by contributing capital injection to the Target with an aggregate consideration of RMB7,000,000 (equivalent to HK$7,646,000). Upon completion of the above acquisition and capital injection, the Group will hold 35.0% equity interest in the Target. The above acquisition and capital injection were subjected to all conditions precedent as agreed in the Agreement. As at 31 March 2020, none of the conditions precedent have been fulfilled. The Agreement can be terminated in writing after 31 March 2020 according to contractual terms. Please refer to the announcement of the Company dated 18 December 2019 for further details.

* For identification purpose only

35. Related Party Transactions

Other than transactions and balances disclosed elsewhere in these consolidated financial statements and compensation of key management personnel, the Group did not enter into any material related party transactions.

The compensation of key management personnel of the Group for the years ended 31 March 2020 and 2019 represented the directors' emoluments as disclosed in note 10.

36. Financial Instruments by Category

The carrying amounts of the Group's financial assets and liabilities recognised as at 31 March 2020 and 2019 are categorised as follows.

	2020 HK$'000	2019 HK$'000
Financial assets		
Financial assets at FVTOCI	**1,161**	3,334
Financial assets at FVTPL	**3,008**	–
Financial assets measured at amortised cost		
– Contract assets	**40,733**	33,669
– Accounts receivable	**12,136**	9,229
– Deposits and other receivables	**2,203**	2,084
– Pledged bank deposits	**5,117**	5,087
– Cash and cash equivalents	**8,092**	17,046
	72,450	70,449
Financial liabilities		
Financial liabilities measured at amortised cost		
– Accounts payable	**1,055**	87
– Other payables and accruals	**6,751**	6,016
– Bank loans	**3,500**	3,500
– Lease liabilities	**8,647**	–
	19,953	9,603

37. Fair Value and Fair Value Hierarchy of Financial Instruments

The table below analyses financial instrument carried at fair value, by valuation method. The different levels have been defined as follows:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 March 2020				
Financial assets at FVTOCI				
– Listed equity securities	**1,161**	**–**	**–**	**1,161**
Financial assets at FVTPL				
– Unlisted equity investment	**–**	**–**	**3,008**	**3,008**
	1,161	**–**	**3,008**	**4,169**
At 31 March 2019				
Financial assets at FVTOCI				
– Listed equity securities	3,334	–	–	3,334

Financial assets at FVTOCI — Listed equity securities

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of each reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

Financial assets at FVTPL — Unlisted equity investment and profit guarantee

The fair value of the financial assets at FVTPL, unlisted equity investment, was determined based on income approach using a cash flow projection according to the financial budgets approved by the management of ProSage for next 5 years, and adjusted for the lack of control and lack of marketability. The post-tax discount rate applied to discount the forecasted cash flow was 14.0%. The discounts for lack of control and lack of marketability were 20.6% and 15.8% respectively. The fair value of the financial assets at FVTPL also includes the fair value of profit guarantee, which was determined by estimated expected compensation would be paid by ProSage referenced to aforementioned cash flow projection. The discount rate applied to discount the expected compensation was 23.7%.

Should the discounts for lack of control and lack of marketability increase or decrease by 10% respectively, the fair value of the financial assets at FVTPL would be decreased or increased by approximately HK$55,000 and HK$52,000 respectively. Should both the discount rates applied to discount the forecasted cash flow and the expected compensation increase or decrease by 1%, the fair value of the financial assets at FVTPL would be decreased by approximately HK$90,000 or increased by HK$101,000.

37. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Financial assets at FVTPL — Unlisted equity investment and profit guarantee (continued)

The movements during the year in the balance of Level 3 fair value measurement is as follows:

	HK$'000
At 1 April 2018, 31 March 2019 and 1 April 2019	–
Arising from acquisition of unlisted equity investment	3,000
Change in fair value recognised in other income and gains (note 7)	8
At 31 March 2020	3,008

During the years ended 31 March 2019 and 2020, there was no transfer of fair value measurement between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities.

For level 3 fair value measurement, the Group will normally perform the valuations by the management of the Company.

38. Financial Risk Management Objectives and Policies

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The Group is also exposed to equity price risk arising from investments in equity securities. The risks associated with financial instruments and the policies on how to mitigate these risks are described below.

Management monitors closely the Group's exposures to financial risks to ensure that appropriate measures are implemented in a timely and effective manner.

(a) Credit risk and impairment assessment

Risk management

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The Group does not hold any collateral over these receivable balances.

The Group's exposure to credit risk mainly arising from the following assets, which comprise contract assets, accounts receivable, financial assets included in deposits and other receivables, pledge bank deposits and cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these assets.

There are no significant concentrations of credit risk within the Group as the customer base of the Group is widely diversified.

38. Financial Risk Management Objectives and Policies (continued)

(a) Credit risk and impairment assessment (continued)

Impairment of financial assets

Accounts receivable and contract assets arising from contracts with customers are subject to the ECL model.

While deposits and other receivables, pledged bank deposits and bank balances are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial. Deposits and other receivables are due to various group of debtors and customers and pledged bank deposits and bank balances are placed in various authorised financial institutions and the directors of the Company consider the credit risk of these parties is low.

Account receivable and contracts

The Group applies HKFRS 9 and measures ECL based on a lifetime expected loss allowance for all accounts receivable and contract assets.

The Group uses provision matrix to calculate ECL for accounts receivable and contract assets. To measure the ECL, accounts receivable and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to work completed but not billed at the reporting date and have substantially the same risk characteristics as the accounts receivable for the same types of contracts. The Group has therefore concluded that the expected loss rates for accounts receivable are a reasonable approximation of the loss rates for the contract assets.

The estimated ECL loss rates are estimated based on the Group's historical settlement experience of various groups of debtors that have similar loss patterns and are adjusted forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. The Group has identified the gross domestic product in Hong Kong to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 March 2020 and 2019 was determined as follows for accounts receivable:

	Expected loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Ageing based on the invoice date				
As at 31 March 2020				
Within 1 month	3%	4,917	(131)	4,786
Over 1 month but less than 3 months	7%	3,629	(251)	3,378
Over 3 months but less than 6 months	15%	2,713	(399)	2,314
Over 6 months but less than 12 months	54%	1,364	(730)	634
Over 12 months but less than 24 months	77%	1,024	(789)	235
Over 24 months	77%	3,444	(2,655)	789
		17,091	(4,955)	12,136

38. Financial Risk Management Objectives and Policies (continued)

(a) Credit risk and impairment assessment (continued)

Account receivable and contracts (continued)

	Expected loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Ageing based on the invoice date				
As at 31 March 2019				
Within 1 month	3%	5,184	(140)	5,044
Over 1 month but less than 3 months	8%	1,755	(141)	1,614
Over 3 months but less than 6 months	16%	1,533	(239)	1,294
Over 6 months but less than 12 months	50%	764	(382)	382
Over 12 months but less than 24 months	77%	982	(756)	226
Over 24 months	77%	2,921	(2,252)	669
		13,139	(3,910)	9,229

Increase in loss allowance during the year is due to increase in gross carrying amount of accounts receivable.

On that basis, the loss allowance as at 31 March 2020 and 2019 was determined as follows for contract assets:

	Expected loss rate	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**	**Net carrying amount HK$'000**
As at 31 March 2020	**3%**	**41,782**	**(1,049)**	**40,733**
As at 31 March 2019	2%	34,524	(855)	33,669

Movement of impairment loss allowances for accounts receivable and contract assets are as follows:

	Accounts receivable HK$'000	Contract assets HK$'000
At 1 April 2018	3,348	1,131
Increase/(decrease) in loss allowance recognised in profit or loss during the year	562	(276)
At 31 March 2019 and 1 April 2019	3,910	855
Increase in loss allowance recognised in profit or loss during the year	1,045	194
At 31 March 2020	**4,955**	**1,049**

Impairment losses on accounts receivable and contract assets are included in net impairment loss on accounts receivable and contract assets under the consolidated statement of profit or loss and other comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

38. Financial Risk Management Objectives and Policies (continued)

(b) Liquidity risk

The Group monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the aged repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Contractual undiscounted cash outflow					
	On demand HK$'000	Less than 1 year HK$'000	Over 1 year but within 2 years HK$'000	Over 2 years but within 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
As at 31 March 2020						
Accounts payable	**1,055**	**–**	**–**	**–**	**1,055**	**1,055**
Financial liabilities included in other payables and accruals	**6,751**	**–**	**–**	**–**	**6,751**	**6,751**
Bank loans	**3,500**	**–**	**–**	**–**	**3,500**	**3,500**
Lease liabilities	**–**	**4,114**	**3,509**	**1,370**	**8,993**	**8,647**
	11,306	**4,114**	**3,509**	**1,370**	**20,299**	**19,953**

	Contractual undiscounted cash outflow					
	On demand HK$'000	Less than 1 year HK$'000	Over 1 year but within 2 years HK$'000	Over 2 years but within 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
As at 31 March 2019						
Accounts payable	87	–	–	–	87	87
Financial liabilities included in other payables and accruals	6,016	–	–	–	6,016	6,016
Bank loans	3,500	–	–	–	3,500	3,500
	9,603	–	–	–	9,603	9,603

The table below summarises the maturity analysis of bank loans with a demand clause based on agreed schedule repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis contained in the above table.

The directors of the Company do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

38. Financial Risk Management Objectives and Policies (continued)

(b) Liquidity risk (continued)

	2020 Contractual undiscounted cash outflow within one year HK$'000	2020 Carrying amount HK$'000	2019 Contractual undiscounted cash outflow within one year HK$'000	2019 Carrying amount HK$'000
Bank loans	**3,520**	**3,500**	3,525	3,500

(c) Interest rate risk

The Group's interest rate risk arises primarily from short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profile as monitored by management is set out in below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period.

	2020 Effective interest rate per annum %	2020 HK$'000	2019 Effective interest rate per annum %	2019 HK$'000
Fixed rate borrowings:				
Lease liabilities	**2.96**	**8,647**	–	–
Variable rate borrowings/(deposits):				
Bank loans	**2.88**	**3,500**	2.88	3,500
Pledge bank deposits	**1.00**	**(5,117)**	1.51	(5,087)
Bank balances	**0.02 – 0.41**	**(8,070)**	0.03 – 0.46	(17,021)
Total net deposits		**(1,040)**		(18,608)

As the Group does not have significant exposure to interest rate risk, the Group's financial performance and operating cash flows are substantially independent of changes in interest rate change.

38. Financial Risk Management Objectives and Policies (continued)

(d) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as financial assets at FVTOCI and FVTPL (see notes 18 and 19). These investments comprised of listed and unlisted companies.

Listed Investments held in the financial assets at FVTOCI have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations. Given that the volatility of the stock markets may not have a direct correlation with the Group's investment portfolio, it is impractical to determine the impact that the changes in stock market indices would have on the Group's portfolio of equity investments.

At 31 March 2020, it is estimated that an increase/decrease of 10% (2019: 10%) in the market value of the Group's equity investments classified as financial assets at FVTOCI, with all other variables held constant, would have increased/decreased the Group's other components of consolidated equity by approximately HK$116,000 (2019: approximately HK$333,000). The analysis is performed on the same basis as 2019.

At 31 March 2020, it is estimated that an increase/decrease of 10% (2019: Nil) in the market value of the Group's equity investments classified as financial assets at FVTPL, with all other variables held constant, would have increased/decreased the Group's profit before income tax and decreased/increased accumulated losses by approximately HK$301,000. As at 31 March 2019, the Group did not have any equity investment classified as financial assets at FVTPL.

(e) Capital management

The Group defines "capital" as total equity.

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group is not subject to any externally imposed capital requirements.

At 31 March 2020, the Group has interest-bearing bank loans amounting to HK$3,500,000 (2019: HK$3,500,000). The gearing ratio, representing the ratio of total borrowings to the total share capital and reserves of the Group was 5.4% (2019: 5.3%) at 31 March 2020.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

39. Events after the end of the reporting period

Save as disclosed elsewhere in the consolidated financial statements, the Group has the following subsequent events:

(a) On 19 May 2020, the Group disposed of 2,280,000 shares of Sanbase with a cash consideration of approximately HK$1,230,000. Immediately after the disposal, the Group holds 576,000 shares of Sanbase. For details, please refer to the announcement of the Company dated 19 May 2020.

(b) On 5 June 2020, the Company completed the placing (the "Placing") of 120,000,000 shares under the general mandate to placees, who are independent third parties, at the placing price of HK$0.052 per share. The net proceeds from the Placing, after deduction of the placing commission and other related expenses, amounted to approximately HK$5,200,000. Accordingly, the share capital of the Company was increased by HK$1,200,000 and the remaining balance of the net proceeds was credited to the share premium under other reserves.

40. Financial Information of the Company

(a) Statement of financial position

	2020 HK$'000	2019 HK$'000
Non-current assets		
Investment in a subsidiary	**78,203**	78,037
Current assets		
Prepayment, deposit and other receivables	**330**	37
Cash and cash equivalents	**9**	38
	339	75
Current liabilities		
Other payables and accruals	**960**	5
Amount due to a subsidiary	**16,114**	12,636
	17,074	12,641
Net current liabilities	**(16,735)**	(12,566)
Net assets	**61,468**	65,471
Capital and reserves		
Share capital	**12,000**	12,000
Reserves	**49,468**	53,471
Total equity	**61,468**	65,471

The financial statements were approved and authorised for issue by the Board of Directors on 24 June 2020 and are signed on its behalf by:

KWOK May Han Grace
Director

WU Dennis Pak Kit
Director

40. Financial Information of the Company (continued)

(b) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity during the year are set out below:

	Issued capital HK$'000 (note 29)	Share premium*# HK$'000	Other reserve* HK$'000 (note 30)	Capital reserve*## HK$'000	Shares held under share award scheme* HK$'000 (note 30)	Share award reserve* HK$'000 (note 30)	Accumulated losses* HK$'000	Total equity HK$'000
At 1 April 2018	12,000	39,254	–	37,607	(4,099)	–	(18,077)	66,685
Loss and total comprehensive loss for the year	–	–	–	–	–	–	(1,135)	(1,135)
Purchase of shares under share award scheme (note 30)	–	–	–	–	(978)	–	–	(978)
Equity-settled share-based payments (note 32)	–	–	–	–	–	899	–	899
Ordinary shares to be issued upon vesting of share award (note 32)	–	–	551	–	–	(551)	–	–
At 31 March 2019 and 1 April 2019	**12,000**	**39,254**	**551**	**37,607**	**(5,077)**	**348**	**(19,212)**	**65,471**
Loss and total comprehensive loss for the year	–	–	–	–	–	–	(4,427)	(4,427)
Issuance of shares to share award grantee (note 30)	–	(173)	(493)	–	666	–	–	–
Equity-settled share-based payments (note 32)	–	–	–	–	–	424	–	424
Ordinary shares to be issued upon vesting of share award (note 32)	–	–	469	–	–	(469)	–	–
At 31 March 2020	**12,000**	**39,081**	**527**	**37,607**	**(4,411)**	**303**	**(23,639)**	**61,468**

* These accounts comprise the reserves of approximately HK$49,468,000 (2019: approximately HK$53,471,000) in the statement of financial position of the Company.

\# The share premium account of the Company includes the premium arising from the issue of new shares pursuant to the share offering net of listing expenses and capitalisation issue.

\## Capital reserve of the Company represents the difference between the net asset value of AEC BVI acquired pursuant to the reorganisation arrangements undergone by the Company for the listing of the Company's shares on GEM, and the nominal value of the shares issued by the Company in exchange therefor.

Financial Summary

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 March				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**42,497**	30,120	30,537	35,096	32,539
Gross profit	**20,922**	9,691	12,974	19,425	20,043
Profit/(loss) before income tax	**1,041**	(10,454)	(4,426)	(4,798)	7,607
Profit/(loss) for the year	**771**	(9,884)	(4,095)	(6,088)	5,448
Attributable to:					
Owners of the Company	**771**	(9,884)	(4,095)	(6,088)	5,448
Basic earnings/(loss) per share (HK cents)	**0.07**	(0.84)	(0.35)	(0.56)	0.57

Consolidated Statement of Financial Position

	As at 31 March				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Assets					
Non-current assets	**16,621**	6,216	9,017	3,199	250
Current assets	**69,215**	69,644	87,156	81,895	50,146
Total assets	**85,836**	75,860	96,173	85,094	50,396
Liabilities					
Non-current liabilities	**4,737**	–	–	111	15
Current liabilities	**16,653**	10,384	18,618	3,074	6,588
Total liabilities	**21,390**	10,384	18,618	3,185	6,603
Net current assets	**52,562**	59,260	68,538	78,821	43,558
Total assets less current liabilities	**69,183**	65,476	77,555	82,020	43,808
Total equity attributable to owners of the Company	**64,446**	65,476	77,555	81,909	43,793

Note: The figures for the years ended 31 March 2016 are extracted from the prospectus in relation to the listing of the Company's shares on GEM dated 30 September 2016 (the "Prospectus").