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## **ACCEL GROUP HOLDINGS LIMITED**

**高陸集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1283)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

#### **FINANCIAL HIGHLIGHTS**

- The Group recorded revenue of approximately HK\$280,928,000 for the six months ended 30 September 2021.  
(six months ended 30 September 2020: approximately HK\$240,009,000)
- The Group recorded gross profit of approximately HK\$56,488,000 and gross profit margin of 20.1% for the six months ended 30 September 2021.  
(six months ended 30 September 2020: gross profit of approximately HK\$52,070,000 and gross profit margin of 21.7%)
- Profit attributable to equity shareholders of the Company for the six months ended 30 September 2021 amounted to approximately HK\$35,125,000.  
(six months ended 30 September 2020: approximately HK\$38,200,000)
- The Board has resolved to declare an interim dividend of HK2.1 cents per Share for the six months ended 30 September 2021.  
(six months ended 30 September 2020: Nil)

The board (the “**Board**”) of directors (the “**Directors**”) of Accel Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2021 (the “**Period**”), together with the comparative figures for the corresponding six months ended 30 September 2020 (the “**Corresponding Period**”), as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 September 2021*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2021</b>	<b>2020</b>
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	3	<b>280,928</b>	240,009
Cost of services		<u>(224,440)</u>	<u>(187,939)</u>
<b>Gross profit</b>		<b>56,488</b>	52,070
Other income	4	<b>239</b>	4,937
Impairment losses under expected credit loss model, net of reversal		<b>(1,943)</b>	(439)
Administrative expenses		<b>(12,282)</b>	(11,000)
Finance costs	5	<u>(178)</u>	<u>(82)</u>
<b>Profit before taxation</b>	6	<b>42,324</b>	45,486
Income tax expense	7	<u>(7,199)</u>	<u>(7,286)</u>
<b>Profit and total comprehensive income for the period</b>		<u><b>35,125</b></u>	<u>38,200</u>
		<i>HK cents</i>	<i>HK cents</i>
<b>Earnings per share</b>			
Basic	9	<u><b>4.4</b></u>	<u>4.8</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2021*

		As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		3,565	3,572
Right-of-use assets		4,554	4,105
Payments for life insurance		6,903	6,879
Pledged bank balances		–	15,186
Deferred tax assets		684	363
		15,706	30,105
<b>Current assets</b>			
Trade and other receivables, deposits and prepayments	10	84,958	61,236
Contract assets		189,150	146,592
Pledged bank balances		41,785	42,256
Bank balances and cash		159,876	186,418
		475,769	436,502
<b>Current liabilities</b>			
Trade and retention payables and accruals	11	79,552	90,683
Contract liabilities		7,105	2,227
Taxation liabilities		5,245	1,697
Bank loans	12	6,975	15,022
Dividend payable		32,800	–
Lease liabilities		2,941	2,847
		134,618	112,476
<b>Net current assets</b>		341,151	324,026
<b>Total assets less current liabilities</b>		356,857	354,131

	As at <b>30 September</b> 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
<b>Non-current liabilities</b>		
Lease liabilities	<u>1,811</u>	<u>1,410</u>
<b>Net assets</b>	<u><b>355,046</b></u>	<u>352,721</u>
<b>Capital and reserves</b>		
Share capital	8,000	8,000
Reserves	<u>347,046</u>	<u>344,721</u>
<b>Total equity</b>	<u><b>355,046</b></u>	<u>352,721</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements of Accel Group Holdings Limited (the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### 2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those presented in the Group’s annual financial statements for year ended 31 March 2021.

#### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

Revenue of the Group arose from provision of electrical and mechanical (“**E&M**”) engineering services typically rendered in Hong Kong under long-term contracts and were recognised over time during both periods.

The Group provides E&M engineering services to customers which are mainly landlords, construction companies and contractors in Hong Kong private sector. All the Group’s provision of E&M engineering services is made directly with the customers.

The executive Directors, being the chief operating decision maker, regularly review revenue recognised and costs incurred for the provision of E&M engineering services and, therefore, consider the Group has only one single reporting and operating segment under HKFRS 8 *Operating Segments*.

All the Group’s revenue was earned from customers located in Hong Kong and all its non-current assets (other than financial instruments and deferred tax assets) are situated in Hong Kong.

#### 4. OTHER INCOME

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income	140	646
Government grants ( <i>Note</i> )	–	4,291
Others	99	–
	<u>239</u>	<u>4,937</u>

*Note:* During the six months ended 30 September 2020, the Group recognised government grants in respect of COVID-19 related subsidies under the Employment Support Scheme provided by the Hong Kong Government.

#### 5. FINANCE COSTS

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans	104	7
Interest on lease liabilities	74	75
	<u>178</u>	<u>82</u>

#### 6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation on property, plant and equipment	392	377
Depreciation on right-of-use assets	1,901	1,410
Staff costs (including directors' remuneration)		
– Directors' fees, salaries and allowances and discretionary bonuses	37,404	33,037
– Retirement benefit scheme contributions	1,315	1,198
	<u>38,719</u>	<u>34,235</u>

## 7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Hong Kong Profits Tax</b>		
– Current tax	7,520	7,286
Deferred tax	(321)	–
	<u>7,199</u>	<u>7,286</u>

Hong Kong Profits Tax is calculated at 16.5% (Unaudited) on the estimated assessable profit for the six months ended 30 September 2021 (six months ended 30 September 2020: 16.5% (Unaudited)), except for Chit Tat Electrical Engineering Limited, a wholly-owned subsidiary of the Company, which is a qualify corporation under the two-tiered profits tax rates regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25%, and assessable profits above HK\$2 million are taxed at 16.5%.

## 8. DIVIDENDS

During the current interim period, a final dividend of HK4.1 cents (six months ended 30 September 2020: HK3.2 cents) per ordinary share in respect of the year ended 31 March 2021 was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and recognised as distribution during the current interim period amounted to HK\$32,800,000 (Unaudited) (six months ended 30 September 2020: HK\$25,600,000 (Unaudited)).

Subsequent to the end of the current interim period, the board of directors of the Company has declared an interim dividend of HK2.1 cents (six months ended 30 September 2020: nil) per ordinary share amounting to HK\$16,800,000 (six months ended 30 September 2020: nil) in aggregate for the six months ended 30 September 2021.

## 9. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	<u>35,125</u>	<u>38,200</u>
	<b>Number of shares</b>	
Number of ordinary shares for the purpose of basic earnings per share ( <i>in thousand</i> )	<u>800,000</u>	<u>800,000</u>

No diluted earnings per share is presented for both periods as there was no potential dilutive share in issue.

## 10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Trade receivables	75,653	51,347
Less: Allowance for credit losses	(944)	(631)
	<u>74,709</u>	<u>50,716</u>
Refundable rental deposits	687	677
Other receivables	199	528
Prepayments for purchase of materials and subcontracting fees	6,727	6,637
Prepaid expenses	2,485	2,471
Utility and other deposits	151	207
	<u>84,958</u>	<u>61,236</u>

Trade receivables represent amounts receivable for work certified after deduction of retention money.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits for customers. Recoverability of the existing customers is reviewed by the Directors regularly.

The Group allows generally a credit period of 7 to 90 days to its customers.

The following is an aged analysis of trade receivables of the Group, after netting of impairment losses under expected credit loss model, net of reversal, presented based on dates of work certified by architects, surveyors or other representatives appointed by the customers that approximate to the invoice date at the end of each reporting period.

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
0 to 30 days	27,503	33,684
31 to 90 days	39,896	12,842
91 to 180 days	1,582	–
Above 180 days	6,672	4,821
	<u>75,653</u>	<u>51,347</u>

As at 30 September 2021, included in the Group's trade receivables balances are debtors with aggregate gross carrying amount of HK\$8,254,000 (Unaudited) (31 March 2021: HK\$4,821,000 (Audited)) which are past due 90 days or more as at the reporting date and is not considered as in default because these customers are in the process of internal settlement procedures that the management of the Group has acknowledged and approved the extended credit period.



## 11. TRADE AND RETENTION PAYABLES AND ACCRUALS

	At 30 September 2021 <i>HK\$'000</i> (Unaudited)	At 31 March 2021 <i>HK\$'000</i> (Audited)
Trade payables	56,079	69,914
Retention payables	13,086	12,564
Accruals	10,387	8,205
	<u>79,552</u>	<u>90,683</u>

The credit period of trade payables granted by the Group's suppliers are normally within 30 days. The following is an aged analysis of trade payables of the Group, based on the invoice date at the end of each reporting period:

	At 30 September 2021 <i>HK\$'000</i> (Unaudited)	At 31 March 2021 <i>HK\$'000</i> (Audited)
0 to 30 days	53,870	65,285
31 to 90 days	2,209	4,629
	<u>56,079</u>	<u>69,914</u>

## 12. BANK LOANS

The Group's bank loans were lent by a bank under its bank facilities granted to the Group. The bank facilities were secured by corporate guarantee given by the Company in favour of the bank and the Group's car park space.

Notwithstanding any provisions stated in the aforesaid bank facilities, the bank may at any time without prior notice, modify, cancel or suspend the banking facilities, at the sole discretion of such bank; including, without limitation, cancelling any unutilised facilities and declaring any outstanding amount to be immediately due and payable. Accordingly, the Group's bank loans as at 30 September 2021 and 31 March 2021 were classified as current liabilities on those dates.

Included in the bank loans as at 30 September 2021 was a bank loan of HK\$277,000 (Unaudited) (31 March 2021: HK\$347,000 (Audited)), which bore variable interest rate at 2% per annum (31 March 2021: 2% per annum) below Hong Kong Prime Rate quoted by the relevant bank. The remaining bank loans as at 30 September 2021 bore variable interest rate at 1.5% per annum (31 March 2021: 1.5% per annum) above one month Hong Kong Inter-bank Offered Rate.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is an established electrical and mechanical (“E&M”) engineering services provider. Our major business involves the supply, installation and maintenance of mechanical ventilation and air-conditioning (“MVAC”) systems, drainage systems, water supply, swimming pool and fountain systems, electrical and control systems as well as smart electrical control systems in buildings. We were engaged by reputable property developers and construction companies in Hong Kong to complete several iconic projects. We continue to strive to provide excellent E&M engineering services to our customers.

Despite the effective local control of COVID-19, the recovery of the global economy remains unoptimistic. The Group has expanded its business base and increased its market share by prudently capturing changes in the macroeconomic environment, adjusting its operating strategies in a timely manner and adopting a more competitive pricing strategy. With our professional management team and long-standing relationships with our customers, we have been awarded a number of large scale E&M projects during the Period and our achievements are evident. Such new projects are expected to enable the Group’s business to maintain a steady growth in the coming years. During the Period, the Group recorded a profit and total comprehensive income of HK\$35,125,000, representing an increase of 3.6% over the profit and total comprehensive income of HK\$33,909,000 excluding one-off government grants for the Corresponding Period, striving for steady growth in an uncertain and challenging economic period. In the future, the Group will continue to maintain a proactive and prudent approach, seek progress in a stable manner and lay a good foundation for new post-pandemic economic development.

### **FINANCIAL REVIEW**

#### **Revenue**

During the Period, the Group’s revenue increased by approximately HK\$40,919,000 or 17.0% to approximately HK\$280,928,000 for the Period as compared to approximately HK\$240,009,000 for the Corresponding Period. The increase was mainly due to the increase in the number of projects awarded in the Period and increase in progress of certain ongoing projects on hand.

## Cost of Services

	Six months ended 30 September			
	2021		2020	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
	(Unaudited)		(Unaudited)	
Subcontracting fees	<b>91,486</b>	<b>40.8%</b>	65,948	35.1%
Cost of materials	<b>94,348</b>	<b>42.0%</b>	89,866	47.8%
Direct labour costs	<b>32,355</b>	<b>14.4%</b>	27,691	14.7%
Others	<b>6,251</b>	<b>2.8%</b>	4,434	2.4%
Total	<b>224,440</b>	<b>100.0%</b>	187,939	100.0%

The Group's cost of services mainly represented (i) cost of materials including MVAC systems such as air conditioners and ventilation fans and accessories such as pipes and fittings; and (ii) subcontracting fees for completing on-site works. The cost of services increased by approximately HK\$36,501,000 or 19.4% to approximately HK\$224,440,000 for the Period, as compared to approximately HK\$187,939,000 for the Corresponding Period. The increase of cost of services was in line with the increase of the Group's revenue.

## Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately HK\$4,418,000 or 8.5% from approximately HK\$52,070,000 for the Corresponding Period to approximately HK\$56,488,000 for the Period.

The Group's gross profit margin decreased from 21.7% for the Corresponding Period to 20.1% for the Period. The decrease of gross profit margin was mainly due to the Group's adoption of a more competitive pricing strategy in securing new projects in order to increase our market share.

## Administrative Expenses

Administrative expenses mainly comprised staff costs, professional fees, office expenses, depreciation expenses and other expenses. Administrative expenses increased from approximately HK\$11,000,000 for the Corresponding Period to approximately HK\$12,282,000 for the Period. The increase of administrative expenses of the Group was mainly due to the increase in depreciation of right-of-use assets related to our new office located in Cheung Sha Wan. Such relocation is to provide a better working environment to our staff.

## **Income Tax Expense**

The income tax expense decreased by approximately HK\$87,000 or 1.2% to approximately HK\$7,199,000 for the Period, as compared to approximately HK\$7,286,000 for the Corresponding Period. The decrease was mainly due to the decrease in the taxable profit for the Period.

## **Profit and Total Comprehensive Income Attributable to Owners of the Company**

For the Period and Corresponding Period, the Group's profit and total comprehensive income attributable to owners of the Company were approximately HK\$35,125,000 and HK\$38,200,000, respectively. The decrease in profit and total comprehensive income attributable to owners of the Company was mainly due to the decrease in other income for one-off government grants received in the Corresponding Period and an increase in provision of impairment losses under expected credit loss model for the Period.

## **Interim Dividend**

The Board has resolved to declare an interim dividend (the “**Interim Dividend**”) of HK2.1 cents per share of the Company (the “**Share**”) for the Period (Corresponding Period: Nil), amounting to approximately HK\$16,800,000 (Corresponding Period: Nil). The Interim Dividend is payable to the shareholders whose names appear on the register of members of the Company (the “**Register of Members**”) at the close of business on Thursday, 16 December 2021. The Interim Dividend will be paid on or around Tuesday, 11 January 2022.

## **Closure of Register of Members**

The Register of Members will be closed from Tuesday, 14 December 2021 to Thursday, 16 December 2021, both days inclusive, during which period no transfers of Shares shall be effected. In order to qualify for the Interim Dividend, all transfers of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged for registration with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Monday, 13 December 2021.

## **Trade and Other Receivables, Deposits and Prepayments**

Trade and other receivables, deposits and prepayments increased by approximately HK\$23,722,000 or 38.7% from approximately HK\$61,236,000 as at 31 March 2021 to approximately HK\$84,958,000 as at 30 September 2021.

Trade receivables (net of allowance for credit losses) increased by approximately HK\$23,993,000 or 47.3% from approximately HK\$50,716,000 as at 31 March 2021 to approximately HK\$74,709,000 as at 30 September 2021. Such increase was due to the increase in number of ongoing projects and the increase in the amount of revenue certified by the customers before the end of the Period based on the projects' construction schedules.

### **Pledged Bank Balances and Bank Balances and Cash**

The Group's pledged bank balances were to secure the grant of performance bonds to the Group by a bank. The pledged bank balances and bank balances and cash decreased by approximately HK\$42,199,000 or 17.3% from approximately HK\$243,860,000 as at 31 March 2021 to approximately HK\$201,661,000 as at 30 September 2021.

The pledged bank balances and bank balances and cash were denominated in Hong Kong dollars and were mainly generated from our daily operations. With the strong financial position, the Group is able to provide sufficient financial resources for our current commitments, working capital requirements and further expansion of the Group's business, as and when required.

### **Trade and Retention Payables and Accruals**

Trade and retention payables and accruals decreased by approximately HK\$11,131,000 or 12.3% from approximately HK\$90,683,000 as at 31 March 2021 to approximately HK\$79,552,000 as at 30 September 2021.

Trade payables decreased by approximately HK\$13,835,000 or 19.8% from approximately HK\$69,914,000 as at 31 March 2021 to approximately HK\$56,079,000 as at 30 September 2021. The decrease was mainly due to the settlement before the end of the Period for various purchase of MVAC systems.

Retention payables increased by approximately HK\$522,000 or 4.2% from approximately HK\$12,564,000 as at 31 March 2021 to approximately HK\$13,086,000 as at 30 September 2021. The increase was mainly due to the contribution by the subcontractors to our existing projects.

## CORPORATE FINANCE AND RISK MANAGEMENT

### Bank Loans

The Group's bank loans as at 30 September 2021 and 31 March 2021 were lent by a bank under its bank facilities granted to the Group. The bank facilities were secured by the Group's car park space and corporate guarantee given by the Company (31 March 2021: the Group's car park space and corporate guarantee given by the Company).

According to the relevant banking facilities letter, the bank loans of the Group are payable as follows:

	<b>As at 30 September 2021 HK\$'000</b>	As at 31 March 2021 HK\$'000
Within one year	<b>6,840</b>	14,815
Within a period of more than one year but not exceeding two years	<b>135</b>	145
Within a period of more than two years but not exceeding five years	—	62
	<b>6,975</b>	15,022

Notwithstanding the provisions stated in the aforesaid bank facilities, the bank may at any time without prior notice, modify, cancel or suspend the banking facilities, at the sole discretion of such bank; including, without limitation, cancelling any unutilised facilities and declaring any outstanding amount to be immediately due and payable. Accordingly, the above bank loans were classified as current liabilities as at 30 September 2021 and 31 March 2021.

Included in the bank loans as at 30 September 2021 was a bank loan of HK\$277,000 (31 March 2021: HK\$347,000), which bore variable interest rate at 2% per annum below Hong Kong Prime Rate quoted by the relevant bank (31 March 2021: variable interest rate at 2% per annum below Hong Kong Prime Rate quoted by the relevant bank). The remaining bank loans as at 30 September 2021 bore variable interest rate at 1.5% per annum above one-month Hong Kong Inter-bank Offered Rate (31 March 2021: variable interest rate at 1.5% per annum above one-month Hong Kong Inter-bank Offered Rate). The bank loans were denominated in Hong Kong dollars.

## **FUTURE PROSPECTS**

Looking forward, the Group will further expand its service capabilities and capture business opportunities to reinforce its position in the E&M engineering industry. The Group will provide customers with more comprehensive E&M engineering services, increase its market share with a prudent financial management strategy, and actively explore possibilities for development and commit to expanding its business fields to pursue long-term growth and generate stable returns for the shareholders of the Company. As a result of the Group's continuous effort, 15 new projects (with a total contract sum amounting to approximately HK\$594,233,000) were awarded during the Period. In addition, the Group anticipates that it will be able to secure a sufficient number of new projects through tendering in the remainder of this financial year and beyond. As such, the Group remains cautiously optimistic towards the business development prospects for the next few years.

As mentioned in the 2021 Policy Address, the Hong Kong Government has proposed the concept of the Northern Metropolis and has increased the amount of land for innovation and technology and actively increased the amount of land for housing. The policy will bring great business opportunities for the construction industry. The Group will seize the business opportunities in the post-pandemic development. Building on its foundation in providing quality E&M engineering services, the Group will strive to develop new businesses through adopting multiple perspectives and multi-channel thinking. The Group will venture into new businesses of innovation and technology, smart technology, energy conservation and environmental protection, and look for opportunities to participate in property development projects. In addition, based on business development needs, the Group will identify prospective business partners and joint venture opportunities for different business segments to broaden the Group's business scope and drive cross-border development, thereby generating greater returns for the shareholders of the Company.

In the field of innovation and technology, the Group will actively promote the implementation of the framework agreement regarding the establishment of "Joint Research and Development Laboratory" with local universities, and implement various research product designs as well as the application of technologies in areas such as improvement of air quality, smart technology, energy conservation and environmental protection, thereby contributing to the development of Hong Kong as an international centre for innovation and research and generating greater business opportunities for the Group's future operations.



In terms of environmental protection and energy conservation, reducing carbon emissions and energy consumption has become a global issue. Since the adoption of the “Paris Agreement” in 2015, many countries have developed specific timelines and plans for carbon neutrality, and the European Union has decided to legislate on its commitment to achieve carbon neutrality by 2050. The Chinese government has already stipulated the targets in reaching carbon peak in 2030 and carbon neutrality in 2060 in the 14th Five-Year Plan. 2021 Policy Address also announced that Hong Kong would strive to achieve carbon neutrality by 2050 and would update the “Hong Kong’s Climate Action Plan 2050”. As a key player in the industry of the installation of E&M systems, we carry the responsibility to protect the ecosystem, and to ensure environmental protection while promoting growth and development of the society. We endeavour to incorporate energy saving technologies and renewable energy into E&M systems and enhance energy efficiency in buildings to meet the government’s low carbon transformation targets to reduce carbon emissions, thereby making buildings more environmentally-friendly and more comfortable. We will actively look for partners to promote our plans for energy conservation and emissions reduction in Hong Kong, and strive to attain carbon peak and carbon neutrality targets and lay the foundation for the Group’s intelligent E&M business through utilising innovative technologies and the concept of intelligent energy.

### **Liquidity and Financial Resources**

During the Period, the Group’s working capital was financed by internal resources and the bank loans. The quick ratio of the Group, which is calculated based on the current assets divided by current liabilities, was approximately 3.53 times as at 30 September 2021 (31 March 2021: approximately 3.88 times). The Group generally financed its daily operations from cash flows generated internally.

### **Financial Policies**

The Group is exposed to liquidity risk in respect of the settlement of its trade and retention payables, bank loans and lease liabilities. The Group’s policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet both short-term and long-term liquidity requirements.

### **Gearing Ratio**

The Group’s gearing ratio, which is calculated based on the total interest-bearing liabilities divided by the total equity (defined as the sum of bank loans and lease liabilities as at the respective period/year end divided by total equity as at the respective period/year end) was approximately 3.3% as at 30 September 2021 (31 March 2021: approximately 5.5%).

### **Capital Expenditure**

During the Period, the Group invested approximately HK\$385,000 (Corresponding Period: HK\$234,000) in leasehold improvements and furniture, fixtures and equipment.



## **Capital Commitments**

As at 30 September 2021, the Group had no significant capital commitments (31 March 2021: Nil).

## **Contingent Liabilities**

As at 30 September 2021, performance bonds of HK\$67,542,000 (31 March 2021: HK\$83,587,000) were given by banks in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers.

Included in the performance bonds as at 30 September 2021 were HK\$39,159,000 (31 March 2021: HK\$57,442,000), which were issued under the bank facilities granted by a bank to the Group and such bank facilities were secured by the Group's pledged bank balances and corporate guarantee given by the Company in favour of the bank. The remaining performance bonds as at 30 September 2021 were issued under the bank facilities granted by another bank to the Group and such bank facilities were secured by the Group's car park space and corporate guarantee given by the Company in favour of the bank.

Save as disclosed herein, the Group had no material contingent liabilities as at 30 September 2021 (31 March 2021: Nil).

## **Charges on the Group's Assets**

As at 30 September 2021, certain motor vehicles, refundable rental deposits, the car park space and pledged bank balances of the Group were pledged for the lease liabilities and the bank facilities (31 March 2021: certain motor vehicles, refundable rental deposits, the car park space and pledged bank balances of the Group were pledged for the lease liabilities and the bank facilities).

## **Significant Investments**

The Group did not have any significant investments during the Period.

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

During the Period, the Group did not make any material acquisitions or disposals of its subsidiaries, associates and joint ventures.

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

As at 30 September 2021, save as disclosed herein, the Group did not have any other plans for significant investments or capital assets.

## **Foreign Exchange Risk Management**

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars. The Group is not significantly exposed to foreign currency risk arising from monetary assets and liabilities that are denominated in currencies other than the functional currencies of the respective group entities.

The Group currently does not have a foreign currency hedging policy as the foreign currency risk is considered to be insignificant. However, the management will continue to closely monitor the Group's foreign exchange risk exposure and will consider hedging significant foreign exchange exposure when necessary.

## **SUBSEQUENT EVENT**

Save as disclosed herein, no significant event affecting the Group has occurred since the end of the Period.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2021, the Group employed 177 employees (30 September 2020: 167 employees) with total staff costs (including direct labour costs) of approximately HK\$38,719,000 incurred for the Period (Corresponding Period: approximately HK\$34,235,000). In order to attract and retain high quality staff and to enable smooth operation within the Group, the remuneration policy and package of the Group's employees are periodically reviewed. The Group offers competitive salaries and benefits to its employees (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from mandatory provident fund and job training programs, salary increments, discretionary bonuses and share options may be awarded to employees according to the assessment of individual performance and market situation.

The Company has adopted a share option scheme on 18 September 2019 for the purpose of providing incentives or rewards to eligible participants for their contributions or potential contributions to the Group. Such scheme became effective on 18 October 2019 (the "**Listing Date**"). As at 30 September 2021, there was no share option granted under the scheme.

## **CORPORATE RECOGNITION**

The Company has received the Listed Enterprises of the Year 2021 presented by Bloomberg Businessweek after the Period, recognising the Group's outstanding performances. The Group will continue to improve our service quality and adhere to the required quality, safety and environmental standards in order to deliver excellent E&M services and assuring workplace safety for all staff members.

## COMPETING INTEREST

During the Period, none of the Directors or the controlling shareholders of the Company or their close associates was interested in any business which competed or might compete, either directly or indirectly, with the business of the Group nor had or might have with the Group any conflicts of interest.

## USE OF PROCEEDS

The net proceeds from the listing of the Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) were approximately HK\$125,345,000. The net proceeds have been utilised in the manner disclosed in the prospectus of the Company dated 27 September 2019. Set out below is the actual use of net proceeds up to 30 September 2021:

Intended application	Estimated proceeds allocation <i>HK\$'000</i>	Utilised net proceeds	Net proceeds utilised during the Period <i>HK\$'000</i>	Utilised net	Unutilised net
		during the period from the Listing Date to 31 March 2021 <i>HK\$'000</i>		proceeds up to 30 September 2021 <i>HK\$'000</i>	proceeds as at 30 September 2021 <i>HK\$'000</i>
Purchasing performance bonds	43,120	43,120	–	43,120	–
MVAC procurement costs	59,290	59,290	–	59,290	–
Hiring additional staff	11,660	8,721	2,939	11,660	–
General working capital	11,275	11,275	–	11,275	–
Total	<u>125,345</u>	<u>122,406</u>	<u>2,939</u>	<u>125,345</u>	<u>–</u>

## OTHER INFORMATION

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any Shares during the Period.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best of the knowledge of the Directors, the Directors confirmed that the Company had maintained a sufficient public float for the Shares as required under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) during the Period.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES**

The Board has been adamant in upholding high standards of corporate governance to maximise operational efficiency, corporate values and shareholder returns. The Company has adopted sound governance and disclosure practices and continued to upgrade its internal control system, strengthen its risk control management and reinforce its corporate governance structure.

During the Period, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules with the exception of code provision A.2.1, which requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Dr. Ko Lai Hung (“**Dr. Ko**”) is the chairman of the Board (the “**Chairman**”) and the chief executive officer of the Company (the “**CEO**”). He has been managing the Group’s business and supervising the overall operations of the Group since 2000. The Board considers that vesting the roles of the Chairman and the CEO in Dr. Ko is beneficial to the management and business development of the Group and will provide a strong and consistent leadership to the Group. The Board has a total of six Directors and three of them are independent non-executive Directors who are qualified professionals and/or experienced individuals. As all major decisions are made in consultation with all the Board members who meet on a regularly basis to review the operations of the Group, and shall be approved by majority approval of the Board, with the three independent non-executive Directors on the Board scrutinising important decisions and offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will continue to review and consider splitting the roles of the Chairman and the CEO at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors’ securities transactions. The Company has made specific enquiry of all Directors, they confirmed that they had complied with the required standard set out in the Model Code throughout the Period.

## **REVIEW OF INTERIM FINANCIAL RESULTS**

The condensed consolidated financial statements for the Period have been reviewed by the Company's independent auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA.

The audit committee of the Board has discussed with the management of the Group and reviewed this interim results announcement, including the accounting principles and standards adopted by the Group in conjunction with the Group's independent auditor.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This announcement is published on the Company's website (<http://www.chittathk.com>) and the Stock Exchange's website (<https://www.hkexnews.hk>). The 2021 interim report of the Company will be despatched to the shareholders of the Company and will be available on the respective websites of the Stock Exchange and the Company in due course.

## **APPRECIATION**

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business partners and other professional parties for their support throughout the Period.

By order of the Board  
**Accel Group Holdings Limited**  
**Ko Lai Hung**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 29 November 2021

*As at the date of this announcement, the executive Directors are Dr. Ko Lai Hung and Ms. Cheung Mei Lan; the non-executive Director is Mr. Ko Angus Chun Kit and the independent non-executive Directors are Mr. Chan Cheong Tat, Ms. Tse Ka Wing and Mr. Ho Chi Shing.*