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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)

CONTINUING CONNECTED TRANSACTION AND REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement dated 31 March 2022 in relation to the Existing Connected Employee Employment Contracts entered into between Chit Tat and the Connected Employees, the transactions contemplated thereunder and the Original Annual Caps.

CONTINUING CONNECTED TRANSACTION

The Board is pleased to announce that on 1 November 2022 (after trading hours), Accel Green entered into the Employment Contract with Mr. CH Ko in relation to his employment with the Group.

Mr. CH Ko is the son of Dr. Ko and Ms. Cheung and the brother of Mr. CK Ko and is a connected person of the Company. Therefore the transaction contemplated under the Employment Contract constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As (i) Mr. CH Ko and the Connected Employees are either siblings or relatives of the three Directors, Dr. Ko, Ms. Cheung and Mr. CK Ko and (ii) the nature of the Employment Contract and the Existing Connected Employee Employment Contracts are the same, the transaction contemplated under the Employment Contract and the Existing Connected Employee Employment Contracts shall be aggregated in accordance with Rule 14A.81 of the Listing Rules.

REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS

In view of the aggregation of the transactions contemplated under the Employment Contract and the Existing Connected Employee Employment Contracts, the Board anticipates that the Total Remuneration payable to Mr. CH Ko and the Connected Employees under the Employment Contract and the Existing Connected Employee Employment Contracts will reach approximately HK\$4,500,000 and will exceed the Original Annual Caps and the Original Annual Caps will not be sufficient to meet the Group's requirements for the years ending 31 March 2023, 2024, and 2025. Accordingly, the Board has resolved to revise the annual caps for the years ending 31 March 2023, 2024, and 2025 to adopt the Revised Annual Caps in place of the Original Annual Caps.

Pursuant to Rule 14A.54 of the Listing Rules, the Company is required to re-comply with the reporting and announcement requirements under Chapter 14A of the Listing Rules in light of the Revised Annual Caps.

As the Revised Annual Caps exceeded the de minimis threshold of HK\$3,000,000, but each of the applicable percentage ratios calculated in accordance with Chapter 14A of the Listing Rules was less than 5%, the transactions contemplated under the Employment Contracts and the Existing Connected Employee Employment Contracts were subject to the reporting and announcement requirements but were exempt from the circular, independent financial advice and Shareholders' approval requirements.

Reference is made to the announcement dated 31 March 2022 in relation to the Existing Connected Employee Employment Contracts entered into between Chit Tat and the Connected Employees, the transactions contemplated thereunder and the original annual caps for the years ending 31 March 2023, 2024, and 2025.

THE EMPLOYMENT CONTRACT

The Board is pleased to announce that on 1 November 2022 (after trading hours), Accel Green entered into the employment contract with Mr. CH Ko in relation to his employment with the Group (the "**Employment Contract**").

The principal terms of the Employment Contract are:

Date: 1 November 2022

Parties: (1) Accel Green; and
(2) Mr. CH Ko

Terms: Commencing from 1 November 2022 to 31 October 2025

Scope of services to be provided by Mr. CH Ko: Mr. CH Ko is employed with the title of deputy general manager under the Employment Contract and his duties include formulating business strategies and managing the operation of the Company.

Consideration: An annual salary not exceeding HK\$600,000 for each of the year ending 31 March 2023, 2024 and 2025

Payment terms: The monthly salary payable to Mr. CH Ko shall be paid within 7 days after the end of each month

Mr. CH Ko is the son of Dr. Ko and Ms. Cheung and the brother of Mr. CK Ko and is a connected person of the Company. Therefore the transaction contemplated under the Employment Contract constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As (i) Mr. CH Ko and the Connected Employees are either siblings or relatives of the three Directors, Dr. Ko, Ms. Cheung and Mr. CK Ko and (ii) the nature of the Employment Contract and the Existing Connected Employee Employment Contracts are the same, the transaction contemplated under the Employment Contract and the Existing Connected Employee Employment Contracts shall be aggregated in accordance with Rule 14A.81 of the Listing Rules.

REVISION OF ANNUAL CAPS AND BASIS OF DETERMINATION

As disclosed in the announcement dated 31 March 2022, the original annual caps of the total remuneration (the “**Total Remuneration**”, including salaries and allowances, discretionary bonus and retirement benefits scheme contributions) payable to the Connected Employees for the years ending 31 March 2023, 2024, and 2025 (the “**Original Annual Caps**”) are set out below:

	For the year ending		
	31 March 2023	31 March 2024	31 March 2025
Original Annual Caps	<u>HK\$4,000,000</u>	<u>HK\$4,400,000</u>	<u>HK\$4,840,000</u>

As disclosed in the announcement dated 31 March 2022, the Original Annual Caps were determined with reference to (i) the historical amounts of the Total Remuneration paid under the Existing Connected Employee Employment Contracts; (ii) the prevailing market conditions; (iii) the expected adjustments in their salaries during the relevant contractual period; and (iv) the expected amount of discretionary bonus and overtime pay that may be payable to the Connected Employees during the relevant contractual period.

Historical Amounts

The historical amounts of the Total Remuneration paid to the Connected Employees for the years ended 31 March 2020, 2021 and 2022 are HK\$2,990,000, HK\$3,302,000 and HK\$3,139,000, respectively.

Revision of Annual Caps

In view of the aggregation of the transactions contemplated under the Employment Contract and the Existing Connected Employee Employment Contracts, the Board anticipates that the Total Remuneration payable to Mr. CH Ko and the Connected Employees under the Employment Contract and the Existing Connected Employee Employment Contracts will reach approximately HK\$4,500,000 and will exceed the Original Annual Caps and the Original Annual Caps will not be sufficient to meet the Group's requirements for the years ending 31 March 2023, 2024, and 2025. Accordingly, the Board has resolved to revise the annual caps for the years ending 31 March 2023, 2024, and 2025 as follows (the “**Revised Annual Caps**”):

	For the year ending		
	31 March 2023	31 March 2024	31 March 2025
Revised Annual Caps	<u>HK\$4,500,000</u>	<u>HK\$5,000,000</u>	<u>HK\$5,500,000</u>

The Revised Annual Caps were determined with reference to (i) the historical amounts of the Total Remuneration paid under the Connected Employees; (ii) the contractual amounts payable under the Existing Connected Employee Employment Contracts and the Employment Contract; (iii) the expected adjustments in the salaries of Mr. CH Ko and the Connected Employees during the relevant contractual period; and (iv) the expected amount of discretionary bonus and overtime pay that may be payable to Mr. CH Ko and the Connected Employees during the relevant contractual period.

Pursuant to Rule 14A.54 of the Listing Rules, the Company is required to re-comply with the reporting and announcement requirements under Chapter 14A of the Listing Rules in light of the Revised Annual Caps.

As the Revised Annual Caps exceeded the de minimis threshold of HK\$3,000,000, but each of the applicable percentage ratios calculated in accordance with Chapter 14A of the Listing Rules was less than 5%, the transactions contemplated under the Employment Contract and the Existing Connected Employee Employment Contracts were subject to the reporting and announcement requirements but were exempt from the circular, independent financial advice and Shareholders' approval requirements.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EMPLOYMENT CONTRACT AND THE EXISTING CONNECTED EMPLOYEE EMPLOYMENT CONTRACTS

The Connected Employees were employed by Chit Tat prior to the Listing. Such employees were continued to be employed following the Listing as (i) they were long-term employees of the Group; (ii) they possessed the relevant skills, experience and qualifications for their respective roles; and (iii) their work performance has always been satisfactory during their period of employment with the Group.

Mr. CH Ko graduated from The Chinese University of Hong Kong with a bachelor of engineering in biomedical engineering and City University of Hong Kong with a bachelor of science in construction management in April 2019 and June 2021, respectively. Mr. CH Ko was employed as Building Service Engineer Assistant by New World Construction Company Limited for 3 years. The Company believes that the Group will benefit from the skills and experience that Mr. CH Ko will be able to offer to Accel Green's innovation and new energy business projects.

The Directors (including the independent non-executive Directors) are of the view that the transaction contemplated under the Employment Contract and the Existing Connected Employee Employment Contracts had been conducted in the ordinary and usual course of business of the Group and are on normal commercial terms, and that the terms of the Employment Contract and the Existing Connected Employee Employment Contracts and the Revised Annual Caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

None of the Directors is considered to have a material interest in the transactions contemplated under the Employment Contract. Nevertheless, for good corporate governance, Dr. Ko, Ms. Cheung and Mr. CK Ko have abstained from voting on the relevant board resolutions in approving the entering into the Employment Contract and the Revised Annual Caps in light of their relationship with Mr. CH Ko and the Connected Employees.

INFORMATION OF THE PARTIES

The Company is an investment holding company incorporated in the Cayman Islands as an exempted company with limited liability.

Chit Tat, a company incorporated in Hong Kong with limited liability, is an indirect wholly-owned subsidiary of the Company which principally engages in the supply, installation and maintenance of mechanical ventilation and air-conditioning systems in Hong Kong.

Accel Green, a company incorporated in Hong Kong with limited liability, is an indirect wholly-owned subsidiary of the Company which principally engages in the development and application of green building materials as well as new energy business.

Mr. CH Ko and the Connected Employees are either siblings or relatives of the three Directors, Dr. Ko, Ms. Cheung and Mr. CK Ko. The details of their relationships with the Directors are set out as follows:

Name	Connected relationship
Mr. Cheung Choi On	Mr. Cheung Choi On is a brother of Ms. Cheung, a brother-in-law of Dr. Ko and an uncle of Mr. CK Ko.
Mr. Wong Kai Chau	Mr. Wong Kai Chau is a brother-in-law of Ms. Cheung and an uncle of Mr. CK Ko.
Ms. Ko Karlie	Ms. Ko Karlie is a niece of Dr. Ko and a cousin of Mr. CK Ko.
Mr. Wong Hau Wai	Mr. Wong Hau Wai is a nephew of Ms. Cheung and a cousin of Mr. CK Ko.
Ms. Wong Hoi Yan	Ms. Wong Hoi Yan is a niece of Ms. Cheung and a cousin of Mr. CK Ko.
Ms. Wong Hoi Ki	Ms. Wong Hoi Ki is a niece of Ms. Cheung and a cousin of Mr. CK Ko.
Mr. CH Ko	Mr. CH Ko is the son of Dr. Ko and Ms. Cheung and the brother of Mr. CK Ko

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Accel Green”	Accel Green Building Limited (高陞綠建有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the Board of Directors
“Chit Tat”	Chit Tat Electrical Engineering Limited (捷達機電工程有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

“Company”	Accel Group Holdings Limited (高陞集團控股有限公司), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1283)
“Connected Employees”	Connected Employees as defined in the announcement dated 31 March 2022
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Dr. Ko”	Dr. Ko Lai Hung (高黎雄), an executive Director, the chairman of the Board, the chief executive officer of the Company, one of the Controlling Shareholders, the spouse of Ms. Cheung and the father of Mr. CK Ko
“Existing Connected Employee Employment Contracts”	the employment contracts entered into by Chit Tat with each of the Connected Employees on 31 March 2022, details are which have been disclosed in the announcement dated 31 March 2022
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administration Region of the People’s Republic of China
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. CH Ko”	Mr. Ko Chun Hei Rand (高俊熙), the son of Dr. Ko and Ms. Cheung and the brother of Mr. CK Ko
“Mr. CK Ko”	Mr. Ko Angus Chun Kit (高俊傑), a non-executive Director, and the son of Dr. Ko and Ms. Cheung

“Ms. Cheung”	Ms. Cheung Mei Lan (張美蘭), an executive Director, one of the Controlling Shareholders, the spouse of Dr. Ko and the mother of Mr. CK Ko
“Share(s)”	ordinary share(s) in the share capital of the Company with par value of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 1 November 2022

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.