



Accel Group Holdings Limited 高陸集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock code 股份代號 : 1283



INTERIM REPORT 2021

CONTENTS

	Page
Corporate Information	02
Management Discussion and Analysis	03
Corporate Governance and Other Information	14
Report on Review of Condensed Consolidated Financial Statements	21
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	23
Condensed Consolidated Statement of Financial Position	24
Condensed Consolidated Statement of Changes in Equity	26
Condensed Consolidated Statement of Cash Flows	27
Notes to the Condensed Consolidated Financial Statements	29

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Ko Lai Hung

(Chairman and Chief Executive Officer)

Ms. Cheung Mei Lan

Non-executive Director

Mr. Ko Angus Chun Kit

Independent Non-executive Directors

Mr. Chan Cheong Tat

Ms. Tse Ka Wing

Mr. Ho Chi Shing

AUDIT COMMITTEE

Ms. Tse Ka Wing *(Chairperson)*

Mr. Chan Cheong Tat

Mr. Ko Angus Chun Kit

REMUNERATION COMMITTEE

Mr. Ho Chi Shing *(Chairperson)*

Mr. Chan Cheong Tat

Dr. Ko Lai Hung

NOMINATION COMMITTEE

Mr. Chan Cheong Tat *(Chairperson)*

Mr. Ho Chi Shing

Dr. Ko Lai Hung

AUTHORISED REPRESENTATIVES

Dr. Ko Lai Hung

Mr. Cheng Chi Wai

*(Appointed with effect from
4 December 2021)*

Mr. Chan Tak Sun Sammy

*(Resigned with effect from
4 December 2021)*

COMPLIANCE OFFICER

Mr. Cheng Chi Wai

*(Appointed with effect from
4 December 2021)*

Mr. Chan Tak Sun Sammy

*(Resigned with effect from
4 December 2021)*

COMPANY SECRETARY

Mr. Cheng Chi Wai

*(Appointed with effect from
4 December 2021)*

Mr. Chan Tak Sun Sammy

*(Resigned with effect from
4 December 2021)*

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

DBS Bank (Hong Kong) Limited

The Hongkong and Shanghai Banking
Corporation Limited

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu

Registered Public Interest Entity Auditors

35th Floor

One Pacific Place

88 Queensway

Hong Kong

REGISTERED OFFICE

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit No. 6, 27th Floor

"909 Cheung Sha Wan Road"

No. 909 Cheung Sha Wan Road

Cheung Sha Wan

Kowloon

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

Level 54

Hopewell Centre

183 Queen's Road East, Hong Kong

STOCK CODE

1283

COMPANY'S WEBSITE

<http://www.chittathk.com>

INVESTOR RELATIONS

Email: accel@financialpr.hk

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Accel Group Holdings Limited (the “**Company**”, together with its subsidiaries, 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 have been 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. In order to overcome this situation, the Group has expanded our business base and increased our market share by prudently capturing changes in the macroeconomic environment, adjusting our 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 six months ended 30 September 2021 (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 of HK\$4,291,000 for the six months ended 30 September 2020 (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 the 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 to the Group in the Period and increase in progress of certain ongoing projects on hand.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Services

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

MANAGEMENT DISCUSSION AND ANALYSIS

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 from 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 the 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 such as 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 of directors of the Company (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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Notwithstanding the provisions stated in the aforesaid bank facilities, the bank may at any time without prior notice, modify, cancel or suspend the bank 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.

Liquidity and Financial Resources

During the Period, the Group's working capital was financed by internal resources and 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 our daily operations from cash flows generated internally.

Financial Policies

The Group is exposed to liquidity risk in respect of the settlement of our 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%).

MANAGEMENT DISCUSSION AND ANALYSIS

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 our 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 our subsidiaries, associates and joint ventures.

MANAGEMENT DISCUSSION AND ANALYSIS

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 and up to the date of this report.

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 our employees (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to our 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.

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE RECOGNITION

The Company has been awarded the “Listed Enterprises of the Year 2021” presented by Bloomberg Businessweek after the Period, recognising the Group’s outstanding performances. The Group will strive to maintain service quality and adhere to the required quality, safety and environmental standards in order to deliver excellent E&M services and assure workplace safety for all staff members.

COMPETING INTEREST

During the Period, none of the directors of the Company (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 (the “**Prospectus**”). Set out below is the actual use of net proceeds up to 30 September 2021:

Intended application	Estimated	Utilised net	Net proceeds	Utilised net	Unutilised net
	proceeds	proceeds		proceeds up to	proceeds as at
	allocation	period from the	utilised during	30 September	30 September
	HK\$'000	Listing Date to	the Period	2021	2021
		31 March 2021	HK\$'000	HK\$'000	HK\$'000
		HK\$'000			
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	125,345	122,406	2,939	125,345	-

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PROSPECTS

Looking forward, the Group will further expand our service capabilities and capture business opportunities to reinforce our position in the E&M engineering industry. The Group will provide customers with more comprehensive E&M engineering services, increase our market share with a prudent financial management strategy, and actively explore possibilities for development and commit to expanding our 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 we will be able to secure a sufficient number of new projects through submission of tenders 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, increased the amount of land for innovation and technology and actively increased the amount of land for housing supply. 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 our 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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, for example, 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. It was also announced in the 2021 Policy Address 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTERESTS

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations

As at 30 September 2021, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules" and the "Model Code", respectively), were as follows:

(i) Long position in the Shares

Name of Directors	Capacity	Nature of interests	Number of Shares held	Percentage of shareholding
Dr. Ko Lai Hung ("Dr. Ko") (Note)	Interest in controlled corporation	Corporate interest	600,000,000	75%
Ms. Cheung Mei Lan ("Ms. Cheung") (Note)	Interest of spouse	Family interest	600,000,000	75%

Note: The 600,000,000 Shares are held by Lightspeed Limited ("Lightspeed"), a company incorporated in British Virgin Islands with limited liability and is beneficially owned as to 70% by Dr. Ko and 30% by Ms. Cheung. Under the SFO, Dr. Ko is deemed to be interested in the Shares held by Lightspeed and Ms. Cheung, spouse of Dr. Ko, is deemed to be interested in the Shares deemed to be held by Dr. Ko.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(ii) Long position in the ordinary shares of an associated corporation

Name of Directors	Name of associated corporation	Capacity	Nature of interests	Number of shares held	Percentage of shareholding
Dr. Ko (Note)	Lightspeed	Beneficial owner and interest of spouse	Personal interest and family interest	200	100%
Ms. Cheung (Note)	Lightspeed	Beneficial owner and interest of spouse	Personal interest and family interest	200	100%

Note: Lightspeed is the holding company of the Company and is an associated corporation within the meaning of Part XV of the SFO. Lightspeed is beneficially owned as to 70% by Dr. Ko and 30% by Ms. Cheung, spouse of Dr. Ko, respectively.

Save as disclosed above, as at 30 September 2021, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Substantial shareholders' interests and short positions in Shares and underlying Shares

So far as our Directors are aware, as at 30 September 2021, the following corporation which/person (other than a Director or the chief executive of the Company) who had, or were taken or deemed to have interests or short positions in the Shares or underlying Shares, which were required to be disclosed to the Company and the Stock Exchange 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 pursuant to section 336 of the SFO:

Long position in the Shares

Name of shareholder	Capacity	Nature of interests	Number of Shares held	Percentage of shareholding
Lightspeed (Note)	Beneficial owner	Personal interest	600,000,000	75%

Note: Lightspeed is beneficially owned as to 70% by Dr. Ko and 30% by Ms. Cheung, spouse of Dr. Ko, respectively.

Save as disclosed above, as at 30 September 2021, the Company had not been notified by any other corporation which/person (other than a Director or the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares, which were required to be disclosed to the Company and the Stock Exchange 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 pursuant to section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTION SCHEME

The existing share option scheme of the Company (the “**Share Option Scheme**”) was approved for adoption pursuant to a written resolution of the then sole shareholder passed on 18 September 2019 for the purpose of providing an incentive or reward to the eligible participants for their contribution or potential contribution to the Company and/or any of its subsidiaries. The Board is entitled at any time and from time to time grant options pursuant to the Share Option Scheme to any full-time or part-time employees, consultants or potential employees, consultants, executives or officers (including executive directors, non-executive directors and independent non-executive directors) of our Company or any of its subsidiaries, and any suppliers, customers, consultants, agents, advisers, business partner or service providers who, in the sole opinion of our Board has contributed or will contribute to the Company and/or any of its subsidiaries. The Directors were authorised to grant options to subscribe for Shares and to allot, issue and deal with the Shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary and/or desirable to implement and give effect to the Share Option Scheme. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not, in aggregate, exceed 10% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (as defined in the Prospectus), and the Share Option Scheme limit is 80,000,000 Shares, which represented 10% of the issued Shares as at the date of this interim report. The Share Option Scheme shall remain valid and effective until the tenth anniversary of the Listing Date.

Unless otherwise approved by the shareholders in a general meeting, the total number of Shares issued and to be issued upon the exercise of all options granted to an eligible participant under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 1% of the Shares in issue within any 12-month period. Any grant of options to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (the “**INEDs**”). Unless otherwise approved by the shareholders in a general meeting and/or such other requirements prescribed under the Listing Rules, the Shares issued and to be issued upon exercise of all options already granted and proposed to be granted to a substantial shareholder or any INEDs or their respective associates under the Share Option Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) shall not (i) exceed 0.1% of the Shares in issue; and (ii) have an aggregate value in excess of HK\$5,000,000, within any 12-month period up to and including the date of grant.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Board may, at its discretion, determine the minimum period for which the option has to be held before it can be exercised, and the period during which an option may be exercised. However, no options shall be exercised ten years after they have been granted. The subscription price of a Share in respect of a particular option shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date of the grant of the option, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the grant of the option; and (iii) the nominal value of a Share.

An offer shall be made to any eligible participants of the Share Option Scheme by an offer document in such form as our Board may from time to time determine, requiring such participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme. To accept any options granted by the Company, the grantee is required to pay a consideration of HK\$1 on or before the last day of acceptance set out in the relevant offer document.

Since the date of adoption of the Share Option Scheme and up to the date of this interim report, no share options were granted, exercised, cancelled or lapsed under the Share Option Scheme.

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 Listing Rules during the Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

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 INEDs 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 regular basis to review the operations of the Group, and shall be approved by majority approval of the Board, with the three INEDs 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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 Hong Kong Institute of Certified Public Accountants.

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

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

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF ACCEL GROUP HOLDINGS LIMITED

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Accel Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 23 to 42, which comprise the condensed consolidated statement of financial position as of 30 September 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“**HKSRE 2410**”) issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

29 November 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		Six months ended 30 September	
		2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
NOTES			
Revenue	3	280,928	240,009
Cost of services		(224,440)	(187,939)
Gross profit		56,488	52,070
Other income	4	239	4,937
Impairment losses under expected credit loss model, net of reversal	13	(1,943)	(439)
Administrative expenses		(12,282)	(11,000)
Finance costs	5	(178)	(82)
Profit before taxation	6	42,324	45,486
Income tax expense	7	(7,199)	(7,286)
Profit and total comprehensive income for the period		35,125	38,200
		HK cents	HK cents
Earnings per share			
Basic	9	4.4	4.8

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
<i>NOTES</i>		
Non-current assets		
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
Current assets		
Trade and other receivables, deposits and prepayments	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
Current liabilities		
Trade and retention payables and accruals	79,552	90,683
Contract liabilities	7,105	2,227
Taxation liabilities	5,245	1,697
Bank loans	6,975	15,022
Dividend payable	32,800	–
Lease liabilities	2,941	2,847
	134,618	112,476
Net current assets	341,151	324,026
Total assets less current liabilities	356,857	354,131

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	<i>NOTE</i>	At 30 September 2021 <i>HK\$'000</i> (Unaudited)	At 31 March 2021 <i>HK\$'000</i> (Audited)
Non-current liabilities			
Lease liabilities		1,811	1,410
Net assets			
		355,046	352,721
Capital and reserves			
Share capital	16	8,000	8,000
Reserves		347,046	344,721
Total equity			
		355,046	352,721

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i> <i>(Note)</i>	Retained profits <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 April 2021 (Audited)	8,000	195,606	(72,580)	221,695	352,721
Profit and total comprehensive income for the period	–	–	–	35,125	35,125
Dividend recognised as distribution (<i>Note 8</i>)	–	–	–	(32,800)	(32,800)
At 30 September 2021 (Unaudited)	8,000	195,606	(72,580)	224,020	355,046
At 1 April 2020 (Audited)	8,000	195,606	(72,580)	173,992	305,018
Profit and total comprehensive income for the period	–	–	–	38,200	38,200
Dividend recognised as distribution (<i>Note 8</i>)	–	–	–	(25,600)	(25,600)
At 30 September 2020 (Unaudited)	8,000	195,606	(72,580)	186,592	317,618

Note: The other reserve arose from: (i) deemed distribution arising from the imputed interest income on non-current interest-free advances to Dr. Ko Lai Hung ("**Dr. Ko**"), an ultimate controlling party of the Company, amounting to HK\$10,190,000 in prior years; (ii) issuance of ordinary shares of the Company for the reorganisation of the Group for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited completed on 30 November 2018 amounting to HK\$72,266,000 (the "**Reorganisation**"); and (iii) deemed contribution arising from the waiver of an amount due to Dr. Ko amounting to HK\$9,876,000.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Operating activities		
Profit before taxation	42,324	45,486
Adjustments for:		
Finance costs	178	82
Depreciation of property, plant and equipment	392	377
Depreciation of right-of-use assets	1,901	1,410
Impairment losses under expected credit loss model, net of reversal	1,943	439
Interest income	(140)	(646)
Operating cash flows before movements in working capital	46,598	47,148
(Increase) decrease in trade and other receivables, deposits and prepayments	(24,035)	12,498
Increase in contract assets	(44,188)	(27,006)
Increase (decrease) in contract liabilities	4,878	(1,664)
(Decrease) increase in trade and retention payables and accruals	(11,131)	4,822
Cash (used in) generated from operations	(27,878)	35,798
Hong Kong Profits Tax paid	(3,972)	(2,715)
Net cash (used in) from operating activities	(31,850)	33,083

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Investing activities		
Interest received	116	628
Purchases of property, plant and equipment	(385)	(234)
Withdrawals of pledged bank balances	15,657	19,543
Placement of pledged bank balances	–	(7,588)
Net cash from investing activities	15,388	12,349
Financing activities		
Interest paid	(178)	(82)
Repayments of bank loans	(8,047)	(68)
Repayments of lease liabilities	(1,855)	(1,353)
Net cash used in financing activities	(10,080)	(1,503)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(26,542)	43,929
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	186,418	109,440
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD, represented by bank balances and cash	159,876	153,369

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.

NOTES TO THE 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 of the Company, 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 HK\$’000 (Unaudited)	2020 HK\$’000 (Unaudited)
Interest income	140	646
Government grants (<i>Note</i>)	–	4,291
Others	99	–
	239	4,937

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCE COSTS

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

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (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
Total staff costs	38,719	34,235

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX EXPENSE

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

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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)	35,125	38,200
	Number of shares	
Number of ordinary shares for the purpose of basic earnings per share (<i>in thousand</i>)	800,000	800,000

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

10. MOVEMENTS IN RIGHT-OF-USE ASSETS

During the six months ended 30 September 2021, the Group entered into rental agreements for the use of office premise for two years and two motor vehicles under hire purchase for three and a half years (six months ended 30 September 2020: for the use of office premise and warehouse for two years and a motor vehicle under hire purchase for four years). On lease commencement of the above new rental agreements, the Group recognised HK\$2,350,000 (Unaudited) (six months ended 30 September 2020: HK\$3,682,000 (Unaudited)) of right-of-use assets and lease liabilities, which is a non-cash transaction.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Trade receivables	75,653	51,347
Less: Allowance for credit losses	(944)	(631)
	74,709	50,716
Refundable rental deposits (<i>Note</i>)	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
	84,958	61,236

Note: Included in the refundable rental deposits as at 30 September 2021 were amounts of HK\$45,000 (Unaudited) (31 March 2021: HK\$45,000 (Audited)), HK\$20,000 (Unaudited) (31 March 2021: HK\$20,000 (Audited)), HK\$109,000 (Unaudited) (31 March 2021: HK\$109,000 (Audited)) and HK\$78,000 (Unaudited) (31 March 2021: HK\$58,000 (Audited)) paid to Dr. Ko, Ms. Cheung Mei Lam ("**Ms. Cheung**", who is the wife of Dr. Ko), Shing Chak Development Limited (wholly-owned by Dr. Ko) and Milan Development Limited (wholly-owned by Ms. Cheung). The other refundable rental deposits as at 30 September 2021 and 31 March 2021 were paid to independent landlords.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

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.

	At 30 September 2021 HK\$'000 (Unaudited)	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
	75,653	51,347

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.

Details of the impairment assessment are set out in note 13.

12. CONTRACT ASSETS

Contract assets represent the Group's rights to considerations from customers for the provision of E&M engineering services, which arise when: (i) the Group completed the relevant services under such contracts but yet certified by architects, surveyors or other representatives appointed by the customers; and (ii) the customers withhold certain certified amounts payable to the Group as retention money (i.e. retention receivables) to secure the due performance of the contracts.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CONTRACT ASSETS *(Continued)*

The increase in contract assets from HK\$146,592,000 (Audited) (net of allowance for credit losses: HK\$1,568,000 (Audited)) as at 31 March 2021 to HK\$189,150,000 (Unaudited) (net of allowance for credit losses: HK\$3,198,000 (Unaudited)) as at 30 September 2021 was primarily because: (i) an increase in retention receivables as a result of an increase in number of ongoing and completed contracts under the defects liability period over the past years; and (ii) an increase in the size of contract works that the relevant services were completed but yet been certified by architects, surveyors or other representatives appointed by customers at the end of the reporting period.

The Group's contracts with customers normally require it to perform the obligation (including, amongst others, primarily rectification of defects identified) under the contracts during the defects liability period generally for 12 to 24 months after issuance of practical completion certificates by customers. 5% to 10% of each interim payment from the customers is usually withheld by the customers as retention receivables in which 50% of the retention receivable is released upon issuance of practical completion certificates, and the remaining 50% of the retention receivable is released upon expiry of the defects liability period set out in the relevant contracts. The carrying amounts of retention receivables included in contract assets are HK\$65,696,000 (Unaudited) (31 March 2021: HK\$65,587,000 (Audited)) (net of allowance for credit losses).

Details of the impairment assessment are set out in note 13.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Impairment losses, net of reversal, recognised in respect of:		
– Trade receivables	313	249
– Contract assets	1,630	190
	1,943	439

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2021.

14. TRADE AND RETENTION PAYABLES AND ACCRUALS

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. TRADE AND RETENTION PAYABLES AND ACCRUALS *(Continued)*

Included in the Group's trade and retention payables as at 30 September 2021 are amounts due to related parties amounting to HK\$5,632,000 (Unaudited) (31 March 2021: HK\$2,380,000 (Audited)), in aggregate, which are trade nature, unsecured, interest-free and repayable according to the relevant agreements.

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

15. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. SHARE CAPITAL

	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised ordinary shares with par value of HK\$0.01 each:		
At 1 April 2020, 30 September 2020, 1 April 2021 and 30 September 2021	10,000,000,000	100,000
Ordinary shares, issued and fully paid:		
At 1 April 2020, 30 September 2020, 1 April 2021 and 30 September 2021	800,000,000	8,000

17. PERFORMANCE GUARANTEES

As at 30 September 2021, performance bonds of HK\$67,542,000 (Unaudited) (31 March 2021: HK\$83,587,000 (Audited)) 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. If the Group fails to provide satisfactory performance to its customers to whom performance guarantees have been given, such customers may demand the banks to pay to them the sum or sum stipulated in such demand. The Group will become liable to compensate such banks accordingly. The performance guarantees will be released upon completion of the E&M engineering services.

Included in the performance bonds as at 30 September 2021 were HK\$39,159,000 (Unaudited) (31 March 2021: HK\$57,442,000 (Audited)), 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 (31 March 2021: the Group's car park space and corporate guarantee given by the Company in favour of the bank).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. RELATED PARTIES TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with its related parties during the reporting period:

(a) The Group had the following transactions with related parties

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Subcontracting charges paid to Shun Tat Air Conditioning Engineering Company, a company controlled by a grandson of the uncle of Dr. Ko	2,299	4,117
Subcontracting charges and information technology maintenance service fees paid to Yuk Shing Advertising & Decoration Engineering Co., a company controlled by a brother of Dr. Ko	51	567
Purchases of construction materials from Mibuka Denki Electrical Controls Limited, a company controlled by Dr. Ko	105	79
Purchases of construction materials from Chit Shing Air Conditioning Trading Limited, a company controlled by a grandson of the uncle of Dr. Ko	18,972	8,716
Staff costs paid to employees who are a nephew and a niece of Dr. Ko and brothers, a brother-in-law, a nephew and nieces of Ms. Cheung	1,620	1,494
Amounts paid to Shing Chak Development Limited, a company wholly-owned by Dr. Ko (Note 1)		
– Interest expenses on lease liabilities	8	15
– Lease liabilities	318	259
Amounts paid to Milan Development Limited, a company wholly-owned by Ms. Cheung (Note 2)		
– Interest expenses on lease liabilities	5	8
– Lease liabilities	170	138
Amounts paid to Dr. Ko (Note 3)		
– Interest expenses on lease liabilities	6	–
– Lease liabilities	130	–
Amounts paid to Ms. Cheung (Note 4)		
– Interest expenses on lease liabilities	3	–
– Lease liabilities	58	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. RELATED PARTIES TRANSACTIONS *(Continued)*

(a) The Group had the following transactions with related parties *(Continued)*

Notes:

- (1) As at 30 September 2021, the carrying amount of the relevant right-of-use assets was HK\$371,000 (Unaudited) (31 March 2021: HK\$689,000 (Audited)) and the carrying amount of the lease liabilities was HK\$379,000 (Unaudited) (31 March 2021: HK\$698,000).
- (2) As at 30 September 2021, the carrying amount of the relevant right-of-use assets was HK\$198,000 (Unaudited) (31 March 2021: HK\$367,000 (Audited)) and the carrying amount of the lease liabilities was HK\$202,000 (Unaudited) (31 March 2021: HK\$372,000 (Audited)).
- (3) As at 30 September 2021, the carrying amount of the relevant right-of-use assets was HK\$325,000 (Unaudited) (31 March 2021: HK\$454,000 (Audited)) and the carrying amount of the lease liabilities was HK\$328,000 (Unaudited) (31 March 2021: HK\$456,000 (Audited)).
- (4) As at 30 September 2021, the carrying amount of the relevant right-of-use assets was HK\$144,000 (Unaudited) (31 March 2021: HK\$202,000 (Audited)) and the carrying amount of the lease liabilities was HK\$146,000 (Unaudited) (31 March 2021: HK\$203,000 (Audited)).

The above transactions were conducted in accordance with the terms of the relevant agreements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. RELATED PARTIES TRANSACTIONS *(Continued)*

(b) Compensation of key management personnel

The remuneration of key management personnel of the Group is as follows:

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	3,358	3,007
Post-employment benefits	36	36
	3,394	3,043

- (c) As at 30 September 2021, the Group was granted certain bank facilities which were secured by personal guarantees of Dr. Ko and Ms. Cheung (31 March 2021: personal guarantees of Dr. Ko and Ms. Cheung) at nil consideration.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.