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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 TRANSACTIONS (1) EXCEEDING THE ANNUAL CAP FOR THE YEAR ENDING 31 MARCH 2021; AND (2) REVISION OF ANNUAL CAPS FOR THE TWO YEARS ENDING 31 MARCH 2022

Reference is made to the Prospectus of the Company dated 27 September 2019 in relation to, among other things, the employment of employees, who are connected persons of the Company by Chit Tat (an indirectly wholly-owned subsidiary of the Company).

Upon reviewing the connected continuing transactions conducted by the Company, the Company discovered that the actual amount of Total Remuneration payable to the Connected Employees for the year ending 31 March 2021 is expected to reach approximately HK\$3,320,000, which will exceed the annual cap for the year ending 31 March 2021. As such, the Board has resolved to revise the annual caps for the two years ending 31 March 2022.

LISTING RULES IMPLICATIONS

Each of the Connected Employees is a connected person of the Company. Therefore, the transactions contemplated under the Connected Employee Employment Contracts constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

Pursuant to Rule 14A.54(1) 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 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 prospectus (the “**Prospectus**”) of the Company dated 27 September 2019 in relation to, among other things, the employment of employees (the “**Connected Employees**”, and each a “**Connected Employee**”), who are connected persons of the Company by Chit Tat (an indirectly wholly-owned subsidiary of the Company).

BACKGROUND

Prior to Listing, on 10 September 2019, each of the Connected Employees, namely Mr. Cheung Choi On, Mr. Wong Kai Chau, Mr. Chow Kin To, Ms. Ko Karlie, Mr. Wong Hau Wai, Ms. Wong Hoi Yan and Ms. Wong Hoi Ki, respectively entered into a supplemental written employment contract (for amending his/her then existing employment contract) (the “**Connected Employee Employment Contracts**”) with Chit Tat for a term of three years upon Listing.

As disclosed in the Prospectus, the Directors estimated that the total remuneration (the “**Total Remuneration**”, including salaries and allowances, discretionary bonus and retirement benefits scheme contributions) payable to the Connected Employees will not exceed HK\$3,000,000 for each of the three years ending 31 March 2022, as determined by our Directors with reference to the contractual amounts payable under the Connected Employee Employment Contracts and the expected adjustments in their salaries during the relevant contractual period.

Upon reviewing the connected continuing transactions conducted by the Company, the Company discovered that the actual amount of Total Remuneration payable to the Connected Employees for the year ending 31 March 2021 (“**2021 Actual Remuneration**”) is expected to reach approximately HK\$3,320,000, which will exceed the annual cap for the year ending 31 March 2021 (the “**2021 Annual Cap**”).

Given the 2021 Actual Remuneration is expected to exceed the 2021 Annual Cap, the Board has resolved to revise the annual caps for the two years ending 31 March 2022 (the “**Revised Annual Caps**”).

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company must re-comply with the reporting and announcement requirements under Chapter 14A of the Listing Rules.

REASONS FOR EXCEEDING THE 2021 ANNUAL CAP

The 2021 Actual Remuneration is expected to exceed the 2021 Annual Cap primarily due to the following reasons:

- (a) there was an increase in the amount of overtime pay granted to the Connected Employees for the year ending 31 March 2021; and
- (b) the Group granted greater bonuses to its employees for the year ending 31 March 2021 to boost staff morale during the Coronavirus Disease 2019 pandemic, as well as to maintain a competitive remuneration package to retain and secure quality employees.

HISTORICAL AMOUNTS

The historical amounts of the Total Remuneration paid to the Connected Employees for the years ended 31 March 2017, 2018, 2019 and 2020 were approximately HK\$1,714,000, HK\$2,268,000, HK\$2,681,000 and HK\$2,990,000 respectively.

ANNUAL CAPS AND BASIS OF DETERMINATION

The original annual caps for the two years ending 31 March 2022 are set out below:

	For the year ending	
	31 March	31 March
	2021	2022
Original annual caps	<u>HK\$3,000,000</u>	<u>HK\$3,000,000</u>

As disclosed in the Prospectus, the original annual caps were determined with reference to (a) the contractual amounts payable under the Connected Employee Employment Contracts (which commensurate with his or her experience, position and performance); and (b) the expected adjustments in their salaries during the relevant contractual period.

In view that the 2021 Actual Remuneration is expected to exceed the 2021 Annual Cap, the Board thus resolved to revise the annual caps for the Connected Employee Employment Contracts for each of the two years ending 31 March 2022 as follows (the “**Revised Annual Caps**”):

	For the year ending	
	31 March	31 March
	2021	2022
Revised Annual Caps	<u>HK\$3,320,000</u>	<u>HK\$3,500,000</u>

The Revised Annual Caps were determined with reference to (a) the historical amounts of the Total Remuneration awarded to the Connected Employees; (b) the resignation of one of the Connected Employees in February 2021; (c) the contractual amounts payable under the Connected Employee Employment Contracts; (d) the expected adjustments in their salaries during the relevant contractual period; and (e) the expected amount of discretionary bonus and overtime pay that may be payable to the Connected Employees during the relevant contractual period.

INFORMATION ON 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.

The Connected Employees are either siblings or relatives of the three Directors, Mr. 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 Mr. 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.
Mr. Chow Kin To ¹	Mr. Chow Kin To is a nephew of Mr. Ko and a cousin of Mr. CK Ko.
Ms. Ko Karlie	Ms. Ko Karlie is a niece of Mr. 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.

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

The Connected Employees were employed by Chit Tat prior to 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.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the 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 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.

¹ Mr. Chow Kin To is no longer an employee of Chit Tat. His employment contract with Chit Tat was terminated on 6 February 2021.

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

LISTING RULES IMPLICATIONS

Each of the Connected Employees is a connected person of the Company. Therefore, the transactions contemplated under the Connected Employee Employment Contracts constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

Pursuant to Rule 14A.54(1) 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 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.

DEFINITIONS

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

“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 our 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 person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	director(s) of the Company
“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 Administrative 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. CK Ko”	Mr. Ko Angus Chun Kit (高俊傑), a non-executive Director, and the son of Mr. Ko and Ms. Cheung
“Mr. Ko”	Mr. 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
“Ms. Cheung”	Ms. Cheung Mei Lan (張美蘭), an executive Director, one of the Controlling Shareholders, the spouse of Mr. Ko and the mother of Mr. CK Ko

“Share(s)”	ordinary share(s) in the share capital of our Company with par value of HK\$0.01 each
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

For and on behalf of
Accel Group Holdings Limited
Ko Lai Hung
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 30 March 2021

As at the date of this announcement, the executive Directors are Mr. 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.