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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

FINANCIAL HIGHLIGHTS

- The Group recorded revenue of approximately HK\$553,537,000 for the year ended 31 March 2024 (2023: approximately HK\$538,492,000).
- The Group recorded gross profit of approximately HK\$87,834,000 and gross profit margin of 15.9% for the year ended 31 March 2024 (2023: gross profit of approximately HK\$94,936,000 and gross profit margin of 17.6%).
- Profit for the year ended 31 March 2024 amounted to approximately HK\$40,419,000 (2023: approximately HK\$55,899,000).

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK1.3 cents per Share for the Year (2023: HK1.6 cents per Share).

The board (the “**Board**”) of directors (the “**Directors**”) of Accel Group Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2024 (the “**Year**”), together with the comparative figures for the year ended 31 March 2023 (the “**Corresponding Year**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	3	553,537	538,492
Cost of services		<u>(465,703)</u>	<u>(443,556)</u>
Gross profit		87,834	94,936
Other income, gains and losses, net	4	4,064	7,494
Impairment losses under expected credit loss model, net of reversal		(706)	(1,422)
Administrative expenses		(40,670)	(34,102)
Finance costs	5	<u>(1,722)</u>	<u>(929)</u>
Profit before taxation	6	48,800	65,977
Income tax expense	7	<u>(8,381)</u>	<u>(10,078)</u>
Profit and total comprehensive income for the year		<u>40,419</u>	<u>55,899</u>
Profit (loss) and total comprehensive income (expense) for the year attributable to:			
Owners of the Company		40,792	56,477
Non-controlling interests		<u>(373)</u>	<u>(578)</u>
		<u>40,419</u>	<u>55,899</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	9		
– Basic		<u>5.10</u>	<u>7.06</u>
– Diluted		<u>5.09</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		68,227	60,868
Right-of-use assets		9,390	12,698
Investment property		5,452	5,673
Payments for life insurance		7,098	7,024
Deferred tax assets		859	363
Financial asset at fair value through profit or loss		5,000	5,000
Finance lease receivable		1,266	–
Deposits and prepayments	10	1,462	924
		98,754	92,550
Current assets			
Trade and other receivables, deposits and prepayments	10	84,417	123,108
Finance lease receivable		1,095	–
Contract assets		242,049	258,488
Tax recoverable		926	3,496
Pledged bank balances		505	12,500
Cash and cash equivalents		98,428	61,859
		427,420	459,451
Current liabilities			
Trade and retention payables and accruals	11	58,683	77,266
Contract liabilities		6,791	16,332
Tax payable		2,971	566
Bank loans	12	23,594	47,550
Lease liabilities		7,190	4,598
		99,229	146,312
Net current assets		328,191	313,139
Total assets less current liabilities		426,945	405,689
Non-current liability			
Lease liabilities		5,250	8,277
Net assets		421,695	397,412

	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Capital and reserves			
Share capital	13	8,108	8,000
Reserves		414,727	390,179
Equity attributable to owners of the Company			
		422,835	398,179
Non-controlling interests		(1,140)	(767)
Total equity		421,695	397,412

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1. GENERAL INFORMATION

Accel Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company in the Cayman Islands with limited liability under the Companies Act (as revised) of the Cayman Islands on 20 September 2018, and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 18 October 2019. The addresses of the registered office and the principal place of business of the Company are Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and Room A, 19/F, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong, respectively. In the opinion of the directors of the Company, the ultimate controlling parties are Dr. Ko Lai Hung (“**Dr. Ko**”) and Ms. Cheung Mei Lan (“**Ms. Cheung**”, who is the wife of Dr. Ko). The immediate and ultimate holding company of the Company is Lightspeed Limited, a company incorporated in the British Virgin Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) is principally engaged in provision of electrical and mechanical (“**E&M**”) engineering services typically involving supply, installation and maintenance of mechanical ventilation and air-conditioning systems.

The consolidated financial statements are presented in Hong Kong Dollar (“**HK\$**”), which is the same as the functional currency of the Company and its subsidiaries.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time, which are mandatorily effective for the annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 *Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies*

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies in the consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE AND SEGMENT INFORMATION

Revenue of the Group arose from provision of E&M engineering services typically rendered in Hong Kong under long-term contracts and were recognised over time during the year.

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 Group's contracts are mainly at fixed-price and payments are made to the Group over the provision of E&M engineering services once such services are performed and certified by architects, surveyors or other representatives appointed by the customers.

The Group may require certain customers to make advance payments during the provision of E&M engineering services, when the Group receives the advance payments before provision of E&M engineering services, this will give rise to contract liabilities, until the revenue recognised on the specific contract exceeds the amount of such advances.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the provision of E&M engineering services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the relevant certification by architects, surveyors or other representatives appointed by the customers.

The contract assets are transferred to trade receivables when the rights become unconditional upon the Group's services certified by architects, surveyors or other representatives appointed by the customers.

The Group's contracts with customers normally require it to perform the obligations (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. The defect liability period serves as an assurance that the construction services performed comply with agreed-upon specifications and such assurance cannot be purchased separately. 5% to 10% of each interim payment from the customers is usually withheld by the customers as retention receivables (as included in the Group's contract assets) in which 50% of the retention receivable is transferred to the trade receivables for collection upon issuance of practical completion certificates, and the remaining 50% of the retention receivable is transferred to the trade receivables for collection upon expiry of the defects liability period set out in the relevant contracts.

Transaction price allocated to the remaining performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) in respect of provision of E&M engineering services as at 31 March 2024 amounting to HK\$926,159,000 (2023: HK\$950,586,000) which is expected to be recognised as revenue in the following years:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within one year	478,504	608,969
More than one year but not more than two years	395,517	341,617
More than two years	52,138	–
	<u>926,159</u>	<u>950,586</u>

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, considered the Group has only one single reporting and operating segment under HKFRS 8 *Operating Segments*.

4. OTHER INCOME, GAINS AND LOSSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income	765	936
Government grants (<i>Note</i>)	–	5,624
Interest income on payments for life insurance	74	73
Gain on disposal of property, plant and equipment	20	50
Gain on derecognition of right-of-use assets	33	–
Rental income from investment property	156	246
Gain on early termination of lease	32	15
Others	2,984	550
	<u>4,064</u>	<u>7,494</u>

Note: During the year ended 31 March 2023, the Group recognised Coronavirus disease 19-related subsidies under Employment Support Scheme provided by the Hong Kong Government of HK\$5,624,000.

5. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank loans	1,308	636
Interest on lease liabilities	414	291
Others	–	2
	<u>1,722</u>	<u>929</u>

6. PROFIT BEFORE TAXATION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	5,663	2,329
Depreciation of investment property	221	128
Depreciation of right-of-use assets	5,139	5,292
(Reversal of) allowance for impairment losses:		
– Trade receivables	(197)	–
– Contract assets	256	127
– Other receivables	647	1,295
Auditor's remuneration	750	750
Gross rental income from investment property	(156)	(246)
Less: direct operating expenses incurred for investment property that generated rental income during the year	12	133
	<u>144</u>	<u>(113)</u>
Staff costs (including the remuneration of the directors of the Company):		
– Salaries and allowances and discretionary bonus	88,902	82,316
– Retirement benefit scheme contributions	2,918	2,730
– Share-based payments expenses	2,264	–
Total staff costs	<u>94,084</u>	<u>85,046</u>
Donations	<u>3,667</u>	<u>1,609</u>

7. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong Profits Tax		
– Current year	8,856	10,107
– Under (over) provision in previous years	21	(29)
– Deferred tax	(496)	–
	<u>8,381</u>	<u>10,078</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime was applicable to Chit Tat Electrical Engineering Limited (“Chit Tat”, a wholly-owned subsidiary) for current and prior year. Accordingly, the Hong Kong Profits Tax of Chit Tat is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for current and prior year.

8. DIVIDENDS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
– 2023 final dividend: HK1.6 cents per share (2023: 2022 final dividend: HK2.1 cents per share)	12,800	16,800
– 2024 interim dividend: HK0.7 cents per share (2023: 2023 interim dividend: HK1.6 cents per share)	5,600	12,800
	<u>18,400</u>	<u>29,600</u>

Subsequent to the end of the reporting period, a final dividend of HK1.3 cents per ordinary share in respect of the year ended 31 March 2024, in an aggregate amount of HK\$10,541,000 has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

9. EARNINGS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	<u>40,792</u>	<u>56,477</u>
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	800,001	800,000
Effect of dilutive potential ordinary shares in respect of outstanding share awards of the Company	<u>787</u>	<u>N/A</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>800,788</u>	<u>N/A</u>

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

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	71,026	105,326
Less: Allowance for credit losses	<u>(434)</u>	<u>(631)</u>
	70,592	104,695
Other receivables	5,930	3,800
Less: Allowance for credit losses	<u>(1,942)</u>	<u>(1,295)</u>
	3,988	2,505
Refundable rental deposits	869	966
Amount due from non-controlling interest of a subsidiary	11	–
Prepayments for purchase of materials and subcontracting fees	7,170	12,181
Prepaid expenses	2,533	2,965
Utilities and other deposits	<u>716</u>	<u>720</u>
	<u>85,879</u>	<u>124,032</u>
Analysed as:		
Current assets	84,417	123,108
Non-current assets	<u>1,462</u>	<u>924</u>
	<u>85,879</u>	<u>124,032</u>

Notes:

- (a) As at 1 April 2022, the gross carrying amount of the Group's trade receivables was HK\$60,427,000 and HK\$631,000 allowance of credit losses was made.
- (b) Included in the refundable rental deposits as at 31 March 2024 were amounts of HK\$45,000 (2023: HK\$45,000), HK\$20,000 (2023: HK\$20,000) paid to Dr. Ko and Ms. Cheung respectively. The other refundable rental deposits as at 31 March 2024 and 2023 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 amounts due from existing customers is reviewed by the directors of the Company regularly.

The Group allows generally a credit period of 7 to 90 days (2023: 7 to 90 days) to its customers.

The following is an aged analysis of trade receivables of the Group 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 the reporting period.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	39,957	35,751
31 to 90 days	19,806	55,925
91 to 180 days	2,566	7,272
Above 180 days	8,697	6,378
	<u>71,026</u>	<u>105,326</u>
Less: Allowance of credit losses	(434)	(631)
	<u><u>70,592</u></u>	<u><u>104,695</u></u>

11. TRADE AND RETENTION PAYABLES AND ACCRUALS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	29,403	52,924
Retention payables	15,200	13,205
Amount due to a non-controlling interest of a subsidiary	940	–
Accruals	13,140	11,137
	<u>58,683</u>	<u>77,266</u>

Included in the Group's trade and retention payables as at 31 March 2024 are amounts due to related parties amounting to HK\$6,895,000 (2023: HK\$4,556,000), in aggregate, which are trade nature, unsecured, interest-free and repayable according to the relevant agreements.

The following is an aged analysis of trade payables of the Group based on the invoice date at the end of the reporting period:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	18,128	45,242
31 to 90 days	10,220	7,682
Over 180 days	1,055	–
	<u>29,403</u>	<u>52,924</u>

The credit period of trade payables granted by the Group's suppliers are usually within 30 days (2023: 30 days).

12. BANK LOANS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank loans, secured and guaranteed	<u>23,594</u>	<u>47,550</u>

13. SHARE CAPITAL

Details of share capital of the Company are as follows:

	<i>Number of shares</i>	<i>HK\$'000</i>
Ordinary shares with par value of HK\$0.01 each: As at 1 April 2022, 31 March 2023 and 31 March 2024	<u>10,000,000,000</u>	<u>100,000</u>
Ordinary shares, issued and fully paid: As at 1 April 2022 and 31 March 2023	800,000,000	8,000
Issue of ordinary shares	<u>10,827,000</u>	<u>108</u>
As at 31 March 2024	<u>810,827,000</u>	<u>8,108</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Year, the local and global economies have shown little sign of recovery due to the consequential impact of the COVID-19 pandemic. Coupling with global inflation, enormous challenges have been posed to local productivity. In response, the Group has adopted a pragmatic and positive attitude towards risks, sought solutions and strengthened the quality of project management, and enhanced the ability to control costs within budgets.

The Group has maintained steady business development during the Year. The Group was granted a number of large-scale E&M projects during the Year, including several large-scale E&M installation projects in the public sector and a chiller replacement project for a commercial building. The Group will maintain the advantage of the Group in sustainable development and enhance the Group's ability to acquire new projects in difference sectors to lay a solid foundation for the Group's business development.

Other than the E&M engineering services, the Group has also engaged in the development of scientific research by making donations to certain local universities during the Year in order to develop the technological application in the metaverse; blockchain technology as well as the smart building system. The Group will continue to invest in the scientific research sector in order to generate brand-new business opportunities as well as provide trainings to new talents.

In response to the "Attract and Retain Talents" initiative proposed in the 2023 Policy Address, the Group has actively developed immigration consulting services in the Year. This new venture should show that the Group is eager to grasp any new business opportunities presented to it with the hope to develop new income streams.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately HK\$15,045,000 or 2.8% from approximately HK\$538,492,000 for the Corresponding Year to approximately HK\$553,537,000 for the Year. The slight increase was mainly due to the accelerated project progress noted during the Year for certain residential projects located in Kai Tak development area.

Cost of services

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\$22,147,000 or 5.0% from approximately HK\$443,556,000 for the Corresponding Year to approximately HK\$465,703,000 for the Year.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK\$7,102,000 or 7.5% from approximately HK\$94,936,000 for the Corresponding Year to approximately HK\$87,834,000 for the Year.

The Group's gross profit margin decreased by 1.7% to 15.9% for the Year as compared with the Corresponding Year of 17.6%. The decrease in the gross profit margin was mainly due to the fact that a substantial amount of revenue of the Year were recognised from certain new projects commenced during the Year with a lower profit margin compared to the projects commenced in the Corresponding Year.

Administrative expenses

Administrative expenses mainly comprised staff costs, travelling and transportation expenses, rental and building management fees, professional fees, office expenses, depreciation expenses and other expenses. Administrative expenses increased by approximately HK\$6,568,000 or 19.3% from approximately HK\$34,102,000 for the Corresponding Year to approximately HK\$40,670,000 for the Year. The increase in administrative expenses of the Group was mainly due to the increase in office expenses and depreciation of the properties acquired during the Year. The Group believes it can improve the working environment and increase the productivity of its staff.

Trade and other receivables, deposits and prepayments

Trade and other receivables, deposits and prepayments decreased by approximately HK\$38,153,000 or 30.8% from approximately HK\$124,032,000 as at 31 March 2023 to approximately HK\$85,879,000 as at 31 March 2024.

Trade receivables (net of allowance of credit losses) decreased by approximately HK\$34,103,000 or 32.6% from approximately HK\$104,695,000 as at 31 March 2023 to approximately HK\$70,592,000 as at 31 March 2024. The decrease is mainly due to the enhanced receivable control implemented and a substantial amount received before the year-end date for the MVAC installation projects in Kai Tak.

Prepayments for purchase of materials and subcontracting fees decreased by approximately HK\$5,011,000 or 41.1% from approximately HK\$12,181,000 as at 31 March 2023 to approximately HK\$7,170,000 as at 31 March 2024. The significant decrease in the balance is due to the realisation of the prepayments for the purchase of material and subcontracting fees as part of the cost of services. Certain prepayments for securing the material supply have been utilised as service costs in the financial year.

Property, plant and equipment

Property, plant and equipment increased by approximately HK\$7,359,000 or 12.1% to approximately HK\$68,227,000 as at 31 March 2024 from approximately HK\$60,868,000 as at 31 March 2023. The increase of the property, plant and equipment is mainly due to the acquisition of a vessel by the Group during the Year.

Contract assets and liabilities

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 completes the relevant services under such contracts but not 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. Contract liabilities represent the Group's obligation to provide E&M engineering services to customers for which the Group has received advance payments from the customers.

Contract assets decreased by approximately HK\$16,439,000 or 6.4% from approximately HK\$258,488,000 as at 31 March 2023 to approximately HK\$242,049,000 as at 31 March 2024. The decrease in contract assets was mainly due to increase in the number of contract works that the relevant services were completed and has been certified by architects, surveyors or other representatives appointed by the customers at the end of the reporting period.

Contract liabilities decreased by approximately HK\$9,541,000 or 58.4% from approximately HK\$16,332,000 as at 31 March 2023 to approximately HK\$6,791,000 as at 31 March 2024. The decrease in contract liabilities was mainly due to the realisation of the advances received from customers for certain new projects as revenue for the Year.

Pledged bank balances and cash and cash equivalents

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 cash and cash equivalents increased by approximately HK\$24,574,000 or 33.0% from approximately HK\$74,359,000 as at 31 March 2023 to approximately HK\$98,933,000 as at 31 March 2024. The increase was mainly due to the enhanced receivable control measures imposed by the Group in order to minimise the financial risks by improving the bank balances.

The pledged bank balances and cash and cash equivalents were denominated in HKD and were mainly generated from the Group's daily operations. With a strong financial position, the Group is able to provide sufficient financial resources for the Group's 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\$18,583,000 or 24.1% from approximately HK\$77,266,000 as at 31 March 2023 to approximately HK\$58,683,000 as at 31 March 2024.

Trade payables decreased by approximately HK\$23,521,000 or 44.4% from approximately HK\$52,924,000 as at 31 March 2023 to approximately HK\$29,403,000 as at 31 March 2024. The decrease in the balance is due to the settlement of certain trade payables such as sub-contractors and suppliers before the financial year-end date as compared with those in the last financial year.

Retention payables increased by approximately HK\$1,995,000 or 15.1% from approximately HK\$13,205,000 as at 31 March 2023 to approximately HK\$15,200,000 as at 31 March 2024. The increase in the retention payable was mainly due to the enhanced project progress by the Group's sub-contractors for the installation of the MVAC systems in Kai Tak.

Bank loans

Bank loans decreased by approximately HK\$23,956,000 or 50.4% from approximately HK\$47,550,000 as at 31 March 2023 to approximately HK\$23,594,000 as at 31 March 2024. The decrease in the bank loans mainly due to the repayment of the bank loans according to the repayment schedules. There is no seasonality on the Group's bank loans and the balances were denominated in HKD.

According to the relevant bank facilities letters, details of the bank loans of the Group in accordance with the scheduled repayment dates as at 31 March 2024 are as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
The carrying amounts of the above bank loans that contain a repayable on demand clause (shown under current liabilities) but repayable:		
Within one year	1,934	24,538
Within a period of more than one year but not exceeding two years	1,413	1,394
Within a period of more than two years but not exceeding five years	6,100	5,978
Within a period of more than five years	14,147	15,640
	23,594	47,550

The Group's bank loans as at 31 March 2024 were lent by a bank under its bank facilities granted to the Group. The bank facilities were guaranteed by the corporate guarantee given by the Company (2023: guaranteed by the corporate guarantee given by the Company). In addition, the secured bank loans were secured by the Group's two carpark spaces and an office premise (2023: three carpark spaces and an office premise).

Notwithstanding the provisions stated in the aforesaid bank facilities, the bank may at any time without prior notice, modify, cancel or suspend the banking facilities, at the sole discretion of such bank; including, without limitation, cancelling any unutilised facilities and declaring any outstanding amount to be immediately due and payable. Accordingly, the above bank loans were classified as current liabilities as at 31 March 2024 and 2023.

Included in the bank loans as at 31 March 2024 were bank loans of HK\$23,594,000 (2023: HK\$46,967,000), which bore variable interest rate from 2.75% to 2.85% per annum below Hong Kong Prime Rate quoted by the relevant bank (2023: variable interest rate from 2.5% to 2.85% per annum below Hong Kong Prime Rate quoted by the relevant bank). At 31 March 2023, the bank loans of HK\$583,000 bore variable interest rate at 1.5% per annum above one-month Hong Kong Inter-bank Offered Rate (“**HIBOR**”).

FUTURE PROSPECTS

Expanding the Group's service capabilities and capture business opportunities to reinforce the Group's position in the E&M engineering industry remains. The Group will provide customers with more comprehensive E&M engineering services, increase its market share with a prudent financial management strategy. The Group's projects on hand yet to recognise revenue remains around HK\$900,000,000 as at 31 March 2024. In addition, the Group has ventured into immigration consulting services in the Year. It is expected that this venture will form a foundation of the Group's diversified business profile in the future.

Going forward, the Group will continue to make the most of its advantages and actively participate in tendering and ensuring stable growth of the Group's business. At the same time, the Group will expand the Group's presence in E&M projects in commercial buildings, and continue to actively look for new business opportunities and bring better returns to the Shareholders.

As announced in the 2023 Policy Address, the Hong Kong Government will continue to invest in infrastructure and make available sufficient land for private housing development. The Group will seize the business opportunities, by building on its foundation in providing quality E&M engineering services, and venture into new areas of innovation and technology, smart technology, energy conservation and environmental protection while expanding its diversified business in the construction area. 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.

In the field of innovation and technology, the Group has cooperated with The Hong Kong Polytechnic University, The Hong Kong University of Science and Technology and The Education University of Hong Kong to implement various research product designs and make contribution to the realisation in the metaverse, blockchain technology and smart building systems. The Group fully supports the government policy in promoting and developing the scientific research sector in Hong Kong, thereby generating brand new business opportunities for the Group's future operations.

Environmental protection and energy conservation, reducing carbon emissions and energy consumption as well as facing the impacts of climate change has become a global issue. The Central Government of the PRC has already stipulated the targets in reaching carbon peak in 2030 and carbon neutrality in 2060 in the 14th Five-Year Plan. The Hong Kong Government has announced the Hong Kong's Climate Action Plan 2050 with certain decarbonisation targets to be achieved. As a key player in the industry of the installation of E&M systems, the Group carries the responsibility to protect the ecosystem, and to ensure environmental protection while promoting growth and development of the society. The Group has been appointed as a founding member of the Greater Bay Area Carbon Neutrality Association, devoting our effort to promote the carbon neutral business in the Greater Bay Area. The Group endeavours to incorporate energy saving technologies and renewable energy into E&M systems to achieve low-carbon transformation and develop green economy. The Group will actively look for partners to promote plans for energy conservation and emissions reduction in Hong Kong, striving to attain carbon peak and carbon neutrality targets, and lay the foundation for the Group's intelligent E&M business through utilising innovative technologies and the concept of intelligent energy.

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group's working capital was financed by internal resources and loan facilities from banks. The current ratio of the Group, which is calculated based on the current assets divided by current liabilities, was approximately 4.31 times as at 31 March 2024 (31 March 2023: approximately 3.14 times). The Group generally financed its daily operations from cash flows generated internally and external borrowings. The Group strikes to maintain a healthy financial position to support the business growth by balancing the source of financing.

FINANCIAL POLICIES

The Group is exposed to liquidity risk in respect of settlement of the 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 its liquidity requirements in the short and long term.

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 year end divided by total equity as at the respective year end) was approximately 8.5% as at 31 March 2024 (31 March 2023: approximately 15.2%).

CAPITAL EXPENDITURE

During the Year, the Group incurred cash outflows of approximately HK\$13,022,000 in leasehold improvements, furniture, fixtures and equipment and motor vehicles and yacht (2023: HK\$3,876,000 in leasehold improvements and furniture, fixtures and equipment).

CAPITAL COMMITMENT

As at 31 March 2024, the capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements is HK\$353,000 (31 March 2023: HK\$12,353,000).

CONTINGENT LIABILITIES

As at 31 March 2024, performance bonds of HK\$94,428,000 (2023: HK\$79,942,000) were given by banks in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers.

Included in the performance bonds as at 31 March 2024 were HK\$367,000 (2023: HK\$12,323,000), 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 31 March 2024 were issued under the bank facilities granted by banks to the Group and such bank facilities were secured by the Group's two carpark spaces, an office premise and corporate guarantee (2023: three carpark spaces, an office premise and corporate guarantees) given by the Company in favour of the banks.

Save as disclosed herein, the Group had no material contingent liabilities as at 31 March 2024 (31 March 2023: Nil).

EVENTS AFTER THE REPORTING PERIOD

There was no material subsequent event after 31 March 2024 up to the date of this announcement which requires disclosure.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2024, an office premise, certain motor vehicles, refundable rental deposits, two carpark spaces and pledged bank balances of the Group were pledged for the lease liabilities and the bank facilities (31 March 2023: secured by an office premise, certain motor vehicles, refundable rental deposits, three carpark spaces and pledged bank balances).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Year, save as disclosed herein, the Group did not make any other material acquisitions or disposals of its subsidiaries, associates and joint ventures.

FUTURE PLANS FOR SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

As at 31 March 2024, 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 HKD. 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.

CREDIT RISK EXPOSURE

The Group's major customers include reputable property developers and main contractors. During the Year, the Group has closely monitored and strengthened its collection measures, and has adopted prudent credit policies to mitigate credit risk exposure. The Group was not exposed to any significant credit risk during the Year. The Group's management reviews the recoverability of trade receivables and closely monitors the financial position of the customers from time to time with a view of keeping the Group's credit risk exposure at a reasonably low level.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Group employed 197 employees (31 March 2023: 178 employees) with total staff costs (including direct labour costs) of approximately HK\$94,084,000 incurred for the Year (Corresponding Year: approximately HK\$85,046,000). 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 salary and benefit levels of the employees of the Group are competitive (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from mandatory provident fund and job training programs, salaries increment, 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.

In addition, the Group has adopted a share award scheme in the annual general meeting of the Company held on 15 September 2023, for the purpose of providing incentives to attract, retain and motivate eligible participants, for their continual contribution to the growth and development of the Group.

CORPORATE RECOGNITION

In the area of corporate social responsibility, the Group is being recognised as Hong Kong Green Organisation from the Environmental Campaign Committee. The Group has also received the EcoPartner Award and EcoPioneer Award of BOCHK Corporate Low-Carbon Environmental Leadership Awards from Federation of Hong Kong Industries in recognition of the Group's performance in the field of energy conservation and environmental protection. The Group will continue to improve its service quality, adhere to the required safety and environmental standards, and take the Group's corporate social responsibilities commitment to the next level in order to deliver excellent E&M services to the Group's customers.

COMPETING INTEREST

During the Year, none of the Directors or the Controlling Shareholders 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.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK1.3 cents per Share (2023: HK1.6 cents per Share) for the Year (the "**Final Dividend**") to the Shareholders whose names appear on the Register of Members on 20 September 2024, which amount to approximately HK\$10,541,000 (2023: HK\$12,800,000). Subject to the passing of the relevant resolution at the forthcoming annual general meeting of the Company to be held on 10 September 2024 (the "**2024 AGM**"), the Final Dividend is expected to be paid to the Shareholders on or around 14 October 2024.

CLOSURE OF REGISTER OF MEMBERS

In relation to 2024 AGM

The Register of Members will be closed from Thursday, 5 September 2024 to Tuesday, 10 September 2024, both days inclusive, during which period no transfers of Shares shall be effected. In order to qualify for attending and voting at the 2024 AGM, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Wednesday, 4 September 2024.

In relation to the proposed Final Dividend

Conditional on the passing of the resolution approving the declaration of the Final Dividend by the Shareholders at the 2024 AGM, the Register of Members will be closed from Tuesday, 17 September 2024 to Friday, 20 September 2024, both days inclusive, during which period no transfers of Shares shall be effected. In order to qualify for the Final 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Monday, 16 September 2024.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained a sufficient public float as required under the Listing Rules throughout the Year and up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES

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

During the Year, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules with the exception of code provision C.2.1, which requires the roles of chairman and chief executive 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 independent non-executive Directors (the “**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 regularly 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 FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding directors’ securities transactions. The Company has made specific enquiry of all Directors, they confirmed that they had complied with the required standard set out in the Model Code throughout the Year.

AUDIT COMMITTEE REVIEW

The audit committee of the Board (the “**Audit Committee**”) is responsible for assisting the Board in safeguarding the Group’s assets by providing an independent review of the effectiveness of the financial reporting process and the internal control and risk management systems of the Group. It also performs other duties as assigned by the Board.

The Audit Committee has discussed with the management of the Group and independent auditor of the Company, Messrs. Deloitte Touche Tohmatsu, and reviewed the accounting principles and policies adopted by the Group, the financial information of the Group and the annual results of the Group for the Year.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

APPRECIATION

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

By order of the Board
Accel Group Holdings Limited
Ko Lai Hung
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 28 June 2024

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.