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## **ACCEL GROUP HOLDINGS LIMITED**

### **高陸集團控股有限公司**

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

**(Stock code: 1283)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

### **FINANCIAL HIGHLIGHTS**

- The Group recorded revenue of approximately HK\$248,366,000 for the six months ended 30 September 2024.  
(six months ended 30 September 2023: approximately HK\$282,337,000)
- The Group recorded gross profit of approximately HK\$36,676,000 and gross profit margin of 14.8% for the six months ended 30 September 2024.  
(six months ended 30 September 2023: gross profit of approximately HK\$40,799,000 and gross profit margin of 14.5%)
- Profit attributable to owners of the Company for the six months ended 30 September 2024 amounted to approximately HK\$16,312,000.  
(six months ended 30 September 2023: approximately HK\$14,919,000)
- The Board has resolved to declare an interim dividend of HK0.6 cents per Share for the six months ended 30 September 2024.  
(six months ended 30 September 2023: HK0.7 cents per Share)

The board (the “**Board**”) of directors (the “**Directors**”) of Accel Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2024 (the “**Period**”), together with the comparative figures for the corresponding six months ended 30 September 2023 (the “**Corresponding Period**”), as follows:

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

*For the six months ended 30 September 2024*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2024</b>	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	3	<b>248,366</b>	282,337
Cost of services		<u>(211,690)</u>	<u>(241,538)</u>
<b>Gross profit</b>		<b>36,676</b>	40,799
Other income and other gains	4	<b>2,166</b>	1,362
Impairment losses under expected credit loss model, net of reversal		<b>(884)</b>	(1,295)
Administrative expenses		<b>(18,047)</b>	(21,271)
Finance costs	5	<u><b>(551)</b></u>	<u>(1,027)</u>
<b>Profit before taxation</b>	6	<b>19,360</b>	18,568
Income tax expense	7	<u><b>(3,246)</b></u>	<u>(3,268)</u>
<b>Profit and total comprehensive income for the period</b>		<u><b>16,114</b></u>	<u>15,300</u>
Profit (loss) and total comprehensive income for the period attributable to:			
Owners of the Company		<b>16,312</b>	14,919
Non-controlling interests		<u><b>(198)</b></u>	<u>381</u>
		<u><b>16,114</b></u>	<u>15,300</u>
		<i>HK cents</i>	<i>HK cents</i>
<b>Earnings per share</b>	9		
Basic		<b>2.0</b>	1.9
Diluted		<u><b>2.0</b></u>	<u>1.9</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

		At 30 September 2024 <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		65,257	68,227
Right-of-use assets		5,003	9,390
Investment property		5,341	5,452
Payments for life insurance		–	7,098
Financial asset at fair value through profit or loss (“FVTPL”)		–	5,000
Deferred tax assets		859	859
Finance lease receivables		893	1,266
Deposits and prepayments	10	886	1,462
		78,239	98,754
<b>Current assets</b>			
Trade and other receivables, deposits and prepayments	10	97,806	84,417
Finance lease receivables		1,052	1,095
Financial asset at FVTPL		5,000	–
Payments for life insurance		7,548	–
Contract assets		278,495	242,049
Tax recoverable		–	926
Pledged bank balances		512	505
Cash and cash equivalents		101,087	98,428
		491,500	427,420
<b>Current liabilities</b>			
Trade and retention payables and accruals		74,389	58,683
Contract liabilities		14,723	6,791
Tax payable		2,832	2,971
Dividend payable		10,541	–
Bank loans	11	32,354	23,594
Lease liabilities		3,413	7,190
		138,252	99,229
<b>Net current assets</b>		353,248	328,191
<b>Total assets less current liabilities</b>		431,487	426,945

	At 30 September 2024 <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
<b>Non-current liability</b>		
Lease liabilities	<u>3,274</u>	<u>5,250</u>
<b>Net assets</b>	<b><u>428,213</u></b>	<b><u>421,695</u></b>
<b>Capital and reserves</b>		
Share capital	8,108	8,108
Reserves	<u>421,394</u>	<u>414,727</u>
Equity attributable to owners of the Company	<b>429,502</b>	422,835
Non-controlling interests	<u>(1,289)</u>	<u>(1,140)</u>
<b>Total equity</b>	<b><u>428,213</u></b>	<b><u>421,695</u></b>

## 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 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 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 except for financial assets at FVTPL that are measured at fair values at the end of the reporting period.

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 2024 are the same as those presented in the Group’s annual consolidated financial statements for year ended 31 March 2024.

#### 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 Group’s annual period beginning on 1 April 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

### 3. REVENUE AND SEGMENT INFORMATION

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

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

The executive directors 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 AND OTHER GAINS

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Other income</b>		
Interest income	916	283
Rental income	78	78
Others	666	948
	<u>1,660</u>	<u>1,309</u>
<b>Other gains</b>		
Gain on disposal of property, plant and equipment	–	20
Gain on derecognition of right-of-use assets	56	33
Adjustment on carrying amount of payments for life insurance	450	–
	<u>506</u>	<u>53</u>
	<u><b>2,166</b></u>	<u><b>1,362</b></u>

#### 5. FINANCE COSTS

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans	388	796
Interest on lease liabilities	163	231
	<u>551</u>	<u>1,027</u>

## 6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Depreciation of property, plant and equipment	<b>3,012</b>	2,676
Depreciation of right-of-use assets	<b>2,469</b>	2,713
Depreciation of investment property	<b>111</b>	111
Staff costs (including directors' remuneration)		
– Directors' fees, salaries and allowances and discretionary bonuses	<b>43,183</b>	40,465
– Retirement benefit scheme contributions	<b>1,585</b>	1,384
– Share-based payments expenses	<b>896</b>	114
	<hr/>	<hr/>
Total staff costs	<b>45,664</b>	41,963
	<hr/>	<hr/>
Donation	<b>1,000</b>	3,000
	<hr/> <hr/>	<hr/> <hr/>

## 7. INCOME TAX EXPENSE

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Hong Kong Profits Tax</b>		
– Current tax	<b>3,246</b>	3,268
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax is calculated at 16.5% (Unaudited) on the estimated assessable profit for the six months ended 30 September 2024 (six months ended 30 September 2023: 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 HK1.3 cents (six months ended 30 September 2023: HK1.6 cents) per ordinary share in respect of the year ended 31 March 2024 was declared (six months ended 30 September 2023: 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\$10,541,000 (Unaudited) (six months ended 30 September 2023: HK\$12,800,000 (Unaudited)).

Subsequent to the end of the current interim period, the board of directors of the Company has declared an interim dividend of HK0.6 cents (six months ended 30 September 2023: HK0.7 cents) per ordinary share amounting to HK\$4,865,000 (six months ended 30 September 2023: HK\$5,600,000) in aggregate for the six months ended 30 September 2024.

## 9. EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	<b>16,312</b>	14,919
	<b>801,082,700</b>	800,000,000
	<b>2,094,938</b>	155,881
	<b>803,177,638</b>	800,155,881



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

	At 30 September 2024 HK\$'000 (Unaudited)	At 31 March 2024 HK\$'000 (Audited)
Trade receivables	83,986	71,026
Less: Allowance for credit losses	<u>(1,028)</u>	<u>(434)</u>
	<u>82,958</u>	<u>70,592</u>
Other receivables	6,634	5,930
Less: Allowance for credit losses	<u>(1,942)</u>	<u>(1,942)</u>
	<u>4,692</u>	<u>3,988</u>
Refundable rental deposits ( <i>Note</i> )	886	869
Amount due from non-controlling interest of a subsidiary	11	11
Prepayments for purchase of materials and subcontracting fees	7,853	7,170
Prepaid expenses	1,354	2,533
Utility and other deposits	<u>938</u>	<u>716</u>
	<u>98,692</u>	<u>85,879</u>
Analysed as:		
Current assets	97,806	84,417
Non-current assets	<u>886</u>	<u>1,462</u>
	<u>98,692</u>	<u>85,879</u>

*Note:* Included in the refundable rental deposits as at 30 September 2024 were amounts of HK\$45,000 (Unaudited) (31 March 2024: HK\$45,000 (Audited)) and HK\$20,000 (Unaudited) (31 March 2024: HK\$20,000 (Audited)) paid to Dr. Ko Lai Hung (“**Dr. Ko**”), Ms. Cheung Mei Lam (“**Ms. Cheung**”, who is the wife of Dr. Ko), respectively. The other refundable rental deposits as at 30 September 2024 and 31 March 2024 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 of the Company regularly.

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

The following is an aging analysis of trade receivables of the Group, after netting of impairment losses under expected credit loss model, 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 <b>30 September</b> <b>2024</b> <i>HK\$'000</i> <b>(Unaudited)</b>	At 31 March 2024 <i>HK\$'000</i> (Audited)
0 to 30 days	<b>45,748</b>	39,957
31 to 90 days	<b>20,651</b>	19,806
91 to 180 days	<b>4,142</b>	2,566
Above 180 days	<b>13,445</b>	8,697
	<b>83,986</b>	71,026
Less: Allowance for credit losses	<b>(1,028)</b>	(434)
	<b>82,958</b>	70,592

As at 30 September 2024, included in the Group's trade receivables balances are debtors with aggregate gross carrying amount of HK\$17,587,000 (Unaudited) (31 March 2024: HK\$11,263,000 (Audited)) which are past due 90 days or more as at the reporting date and is not considered as in default because these customers are in the process of internal settlement procedures that the management of the Group has acknowledged and approved the extended credit period.

## 11. 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 (31 March 2024: corporate guarantee given by the Company) in favour of the bank and the Group's two car park spaces and an office premise (31 March 2024: two car park spaces and an office premise).

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 2024 and 31 March 2024 were classified as current liabilities on those dates.

As at 30 September 2024, bank loans of HK\$22,354,000 (Unaudited) (31 March 2024: HK\$23,594,000 (Audited)) bore variable interest rates from 2.75% per annum (31 March 2024: 2.75% to 2.85% per annum) below Hong Kong Prime Rate. The remaining bank loan at 30 September 2024 bore variable interest rate at 1.75% per annum above one-month Hong Kong Inter-bank Offered Rate. The bank loans were denominated in Hong Kong dollars.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS PROFILE

Accel Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is an established electrical and mechanical (“**E&M**”) engineering services provider. The Group’s 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. The Group has been engaged by reputable property developers and construction companies in Hong Kong to complete certain iconic projects. The Group will continue to strive to provide excellent E&M engineering services to its customers.

Meanwhile, the Group is also actively involved in scientific researches by supporting universities to develop advanced technological applications and integrating the results of those scientific researches into the day-to-day life of the public. The Group has devoted itself to the field of innovation and technology by establishing the “Accel – The Education University of Hong Kong Joint Laboratory of Metaverse and Human-computer Interaction” in 2022. The Group is also committed to supporting the establishment of a joint laboratory with the Hong Kong Polytechnic University (“**PolyU**”) in the area of Metaverse+ to promote the development and innovation of smart cities. The Group believes its investments in local researches can help to promote and develop the scientific research sector in Hong Kong and potentially generate brand-new business opportunities for the Group.

### BUSINESS REVIEW

The Hong Kong property market has faced various challenges, in particular the high interest rates and an uncertain economic climate. As a result, tendering for new private development projects is likely to decrease as property developers adopt a more cautious approach to residential land bidding. Ongoing private developments are anticipated to slow down due to pricing pressures and a decline in construction demand.

The Group’s primary focus remains to be “striving to increase its market share; prudently capturing changes in the macroeconomic environment; adjusting its operating strategies in a timely manner and maintaining a competitive pricing strategy”. The Group has maintained steady business development during the Period. A number of E&M projects were granted to our Group, including multiple E&M installation projects in the public sector. The Group’s contract amount has maintained steady at about HK\$1 billion during the Period. The Group will continue to develop its business and enhance its ability to capture new E&M projects in both private and public sectors for the Group’s sustainable development.

## **FINANCIAL REVIEW**

### **Revenue**

During the Period, the Group's revenue decreased by approximately HK\$33,971,000 or 12.0% to approximately HK\$248,366,000 for the Period as compared to approximately HK\$282,337,000 for the Corresponding Period. The decrease was mainly because of the acceleration in the project progress of certain residential projects located in Kai Tak development area which substantially increased the Group's revenue in the Corresponding Period.

### **Cost of Services**

The Group's cost of services mainly represented the cost of materials including MVAC systems such as air conditioners and ventilation fans, and accessories such as pipes and fittings; direct labour costs and subcontracting fees for completing on-site works. The cost of services decreased by approximately HK\$29,848,000 or 12.4% to approximately HK\$211,690,000 for the Period, as compared to approximately HK\$241,538,000 for the Corresponding Period. The decrease of cost of services was in line with the decrease of the Group's revenue.

### **Gross Profit and Gross Profit Margin**

The Group's gross profit decreased by approximately HK\$4,123,000 or 10.1% to approximately HK\$36,676,000 for the Period from approximately HK\$40,799,000 for the Corresponding Period.

The Group's gross profit margin increased to 14.8% for the Period from 14.5% for the Corresponding Period. The slight increase in the gross profit margins was mainly due to certain projects awarded with higher gross profit margins in the previous year were recognised in respect of their good progress in the Period.

The Group managed to take on projects to enhance its market shares and involved in more iconic projects to build up the branding as a market leader of MVAC installation in Hong Kong even though such projects have comparatively lower gross profit margin.

### **Other Income and Other Gains**

The Group's other income and other gains increased by approximately HK\$804,000 or 59.0% to approximately HK\$2,166,000 for the Period from approximately HK\$1,362,000 for the Corresponding Period. The increase in other income and other gains is mainly due to the increase in interest income and adjustment on carrying amount of payments for life insurance.

## **Administrative Expenses**

Administrative expenses mainly comprised staff costs, professional fees, office expenses, depreciation expenses and other expenses. Administrative expenses decreased by approximately HK\$3,224,000 or 15.2% to approximately HK\$18,047,000 for the Period from approximately HK\$21,271,000 for the Corresponding Period. The decrease of administrative expenses of the Group was mainly due to the second phase donation of HK\$1,000,000 to PolyU for the establishment of joint laboratory as aforementioned during the Period is substantially less than the first phase donation of HK\$3,000,000 in the Corresponding Period.

## **Income Tax Expense**

The income tax expense decreased by approximately HK\$22,000 or 0.7% to approximately HK\$3,246,000 for the Period from approximately HK\$3,268,000 for the Corresponding Period. The decrease was mainly due to the slight decrease in the taxable profit for the Period.

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

The Group's profit and total comprehensive income attributable to owners of the Company was approximately HK\$16,312,000 for the Period and HK\$14,919,000 for the Corresponding Period. The slight increase in profit and total comprehensive income attributable to owners of the Company was mainly due to the net effect of increase in other income and other gains, and the decrease of administrative expenses and financial costs for the Period.

## **Interim Dividend**

The board of directors (the “**Director(s)**”) of the Company (the “**Board**”) has resolved to declare an interim dividend (the “**Interim Dividend**”) of HK0.6 cents per share of the Company (the “**Share**”) for the Period (Corresponding Period: HK0.7 cents), amounting to approximately HK\$4,865,000 (Corresponding Period: HK\$5,600,000). 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 Tuesday, 17 December 2024. The Interim Dividend will be paid on or around Friday, 10 January 2025.

## **Closure of Register of Members**

The Register of Members will be closed from Friday, 13 December 2024 to Tuesday, 17 December 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Thursday, 12 December 2024.

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

Trade and other receivables, deposits and prepayments increased by approximately HK\$12,813,000 or 14.9% to approximately HK\$98,692,000 as at 30 September 2024 from approximately HK\$85,879,000 as at 31 March 2024.

Trade receivables (net of allowance for credit losses) increased by approximately HK\$12,366,000 or 17.5% to approximately HK\$82,958,000 as at 30 September 2024 from approximately HK\$70,592,000 as at 31 March 2024. The increase in the trade receivables was mainly due to the certain amount of revenue was payable by the Group's customers in accordance with the construction schedules at the end of the Period, in particular the revenue recognised from the MVAC installation projects located in Kai Tak development area.

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

Trade and retention payables and accruals increased by approximately HK\$15,706,000 or 26.8% to approximately HK\$74,389,000 as at 30 September 2024 from approximately HK\$58,683,000 as at 31 March 2024.

Trade payables increased by approximately HK\$12,509,000 or 42.5% to approximately HK\$41,912,000 as at 30 September 2024 from approximately HK\$29,403,000 as at 31 March 2024. The increase was mainly due to the purchase of MVAC systems and the subcontracting fees payable for certain projects near the end of the Period.

Retention payables increased by approximately HK\$2,652,000 or 17.4% to approximately HK\$17,852,000 as at 30 September 2024 from approximately HK\$15,200,000 as at 31 March 2024. The increase was mainly due to the contribution by the subcontractors to the Group's existing projects.

## **FUTURE PROSPECTS**

Looking forward, the Group will further expand its service capabilities and capture business opportunities to reinforce its position in the E&M engineering industry. The Group will provide customers with comprehensive scope of E&M engineering services, increase its market share with a prudent financial management strategy, and actively explore possibilities for development and commit to expanding its business fields to pursue long-term growth and generate stable returns for the shareholders of the Company. As a result of the Group's continuous effort, 12 new projects (with a total contract sum amounting to approximately HK\$342,049,000) were awarded during the Period. In addition, the Group anticipates that it will be able to secure a sufficient number of new projects through submission of tenders in the remainder of this financial year and beyond. As such, the Group remains confident towards the business development prospects for the next few years amid challenges.

As mentioned in the Policy Address 2024, the Hong Kong Government is committed to make sufficient land supply available for about 80,000 residential units in the coming five years in order to fulfill the supply-led long-term housing strategy. As explained by the Hong Kong Government's Northern Metropolis Action Agenda, the Northern Metropolis is a new engine for Hong Kong's future growth, it will provide at least 2 million square meters of commercial floors, 500,000 housing units, and the expected innovation and technology zone. With respect to the "industry-driven and infrastructure-led" approach adopted by the Government, the Northern Metropolis will bring great business opportunities for the construction industry as well as the innovation and technology industry. The Group will seize the business opportunities arisen from the development of the Northern Metropolis and contribute Hong Kong to integrate into the overall development of our country.

Building on the Group's 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 business opportunities 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 has joined the Education University of Hong Kong by establishing the "Accel – The Education University of Hong Kong Joint Laboratory of Metaverse and Human-computer Interaction" in order to promote the use of technology in the area of education. The Group has donated HK\$4,000,000 so far to PolyU to establish a Metaverse+ joint laboratory in the area of developing and promoting the innovation of smart cities as aforementioned, 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.

During the Period, the Group completed a commercial building chiller replacement project with AI management system. Adopting the AI management system in the air conditioner was found to have reduced the total electricity consumption by more than 30% and a lower carbon emissions of 370 tonnes per year. The successful experience gained from the above project has resulted in long-term sustainable business development for both our customers and our Group. 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. This project marked a milestone for the Group's contribution to 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 FINANCE AND RISK MANAGEMENT**

### **Liquidity and Financial Resources**

During the Period, the Group's working capital was financed by internal resources and bank loans. The current ratio of the Group, which is calculated based on the current assets divided by current liabilities, was approximately 3.56 times as at 30 September 2024 (31 March 2024: approximately 4.31 times). The Group generally financed its daily operations from cash flows generated internally.

### **Financial Policies**

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

### **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\$2,666,000 or 2.7% to approximately HK\$101,599,000 as at 30 September 2024 from approximately HK\$98,933,000 as at 31 March 2024 due to the improvement in cash flows management by enhancing receivables control process.

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

### **Bank Loans**

The Group's bank loans as at 30 September 2024 and 31 March 2024 were lent by a bank under its bank facilities granted to the Group. The bank facilities were secured by the Group's two carpark spaces, an office premises and the corporate guarantee given by the Company (31 March 2024: the Group's two car park spaces, an office premises and corporate guarantee given by the Company).



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

	<b>As at 30 September 2024 HK\$'000</b>	As at 31 March 2024 HK\$'000
Within one year	<b>11,392</b>	1,934
Within a period of more than one year but not exceeding two years	<b>1,435</b>	1,413
Within a period of more than two years but not exceeding five years	<b>4,574</b>	6,100
Over five years	<b>14,953</b>	14,147
	<b>32,354</b>	23,594

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 2024 and 31 March 2024.

As at 30 September 2024, bank loans of HK\$22,354,000 (31 March 2024: HK\$23,594,000) bore variable interest rates from 2.75% per annum (31 March 2024: 2.75% to 2.85% per annum) below Hong Kong Prime Rate. The remaining bank loan at 30 September 2024 bore variable interest rate at 1.75% per annum above one-month Hong Kong Inter-bank Offered Rate. The bank loans were denominated in Hong Kong dollars.

### **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 9.1% as at 30 September 2024 (31 March 2024: approximately 8.5%).

### **Capital Expenditure**

During the Period, the Group acquired property, plant and equipment of HK\$42,000 (31 March 2024: HK\$13,022,000 in property, plant and equipment).

## Capital and Other Commitments

As at 30 September 2024, the commitments contracted for but not provided in the condensed consolidated financial statement are as follows:

	<b>As at 30 September 2024 HK\$'000</b>	As at 31 March 2024 HK\$'000
Capital commitment on acquisition of property, plant and equipment	<b>353</b>	353
Other commitment on subscription of investor shares	<b>10,000</b>	–
	<b>10,353</b>	353

## Contingent Liabilities

As at 30 September 2024, performance bonds of HK\$91,265,000 (31 March 2024: HK\$94,428,000) were given by banks in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers.

Included in the performance bonds as at 30 September 2024 were HK\$367,000 (31 March 2024: HK\$367,000), 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 2024 were issued under the bank facilities granted by another bank to the Group and such bank facilities were secured by the Group's two car park spaces, an office premise 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 2024 (31 March 2024: Nil).

## Charges on the Group's Assets

As at 30 September 2024, certain motor vehicles, refundable rental deposits, two car park spaces, an office premises and pledged bank balances of the Group were pledged for the lease liabilities and the bank facilities (31 March 2024: certain motor vehicles, refundable rental deposits, two car park spaces, an office premises and pledged bank balances of the Group were pledged for the lease liabilities and the bank facilities).

## **Significant Investments**

Save as disclosed herein, the Group did not have any significant investments during the Period.

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

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

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

As at 30 September 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 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 announcement.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2024, the Group employed 205 employees (30 September 2023: 188 employees) with total staff costs (including direct labour costs) of approximately HK\$45,664,000 incurred for the Period (Corresponding Period: approximately HK\$41,963,000). In order to attract and retain high quality staff and to enable smooth operation within the Group, the remuneration policy and package of the Group's employees are periodically reviewed. The Group offers competitive salaries and benefits to its employees (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to its employees to equip them with practical knowledge and skills. Apart from mandatory provident fund and job training programs, salary increments, discretionary bonuses, share options and share awards scheme are also provided 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 2024, there was no share option granted under the scheme.

A share award scheme has been adopted by the Company on 15 September 2023 (“**Share Award Scheme**”) 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.

The total number of shares which may be issued in respect of all options and awards to be granted under the Share Award Scheme and any other schemes of the Company (the “**Scheme Mandate Limit**”) was 80,000,000 shares (representing 10% of the Company’s total number of issued shares as at the date of adoption of the Share Award Scheme).

As at 30 September 2024, the Scheme Mandate Limit and the maximum number of shares available for grant under the Share Award Scheme was 69,173,000 Shares (representing approximately 8.53% of the total number of the issued shares).

During the period, 464,400 unvested Award Shares were lapsed under the Share Award Scheme due to the Grantees ceased to be the employee of the Group in accordance with the terms of the Share Award Scheme.

As at 30 September 2024, the total number of shares available for issue under the Share Award Scheme was 78,452,900 shares (representing approximately 9.68% of the total number of issued shares as at 30 September 2024), being the total number of (i) 69,173,000 shares available for grant under the Share Award Scheme; and (ii) 9,279,900 Awarded Shares which were granted (but not yet vested) under the Share Award Scheme.

Save for a total of 464,400 unvested Award Shares that have lapsed, no Awarded Shares were granted, vested and cancelled during the Period.

## **COMPETING INTEREST**

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

## **OTHER INFORMATION**

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

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

## **SUFFICIENCY OF PUBLIC FLOAT**

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

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

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

During the Period, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules with the exception of code provision C.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 Lai Hung (“**Dr. Ko**”) is the chairman of the Board (the “**Chairman**”) and the chief executive officer of the Company (the “**CEO**”). He has been managing the Group’s business and supervising the overall operations of the Group since 2000. The Board considers that vesting the roles of the Chairman and the CEO in Dr. Ko is beneficial to the management and business development of the Group and will provide a strong and consistent leadership to the Group. The Board has a total of six directors and three of them are independent non-executive Directors who are qualified professionals and/or experienced individuals. As all major decisions are made in consultation with all the Board members who meet on a regular basis to review the operations of the Group, and shall be approved by majority of the Board, with the three independent non-executive directors on the Board scrutinising important decisions and offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will continue to review and consider splitting the roles of the Chairman and the CEO at a suitable and an appropriate time taking into account the circumstances of the Group as a whole.

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

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors’ securities transactions. The Company has made specific enquiry of all directors, they confirmed that they had complied with the required standard set out in the Model Code throughout the Period.

## **REVIEW OF INTERIM FINANCIAL RESULTS**

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

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

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

This announcement is published on the Company's website (<http://www.chittathk.com>) and the Stock Exchange's website (<https://www.hkexnews.hk>). The 2024 interim report of the Company will be despatched to the shareholders of the Company and will be available on the respective websites of the Stock Exchange and the Company in due course.

## **APPRECIATION**

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

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

Hong Kong, 28 November 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.*