

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2023

FINANCIAL HIGHLIGHTS

- The Group recorded revenue of approximately HK\$282,337,000 for the six months ended 30 September 2023.
(six months ended 30 September 2022: approximately HK\$213,790,000)
- The Group recorded gross profit of approximately HK\$40,799,000 and gross profit margin of 14.5% for the six months ended 30 September 2023.
(six months ended 30 September 2022: gross profit of approximately HK\$45,356,000 and gross profit margin of 21.2%)
- Profit attributable to owners of the Company for the six months ended 30 September 2023 amounted to approximately HK\$14,919,000.
(six months ended 30 September 2022: approximately HK\$30,953,000)
- The Board has resolved to declare an interim dividend of HK0.7 cents per Share for the six months ended 30 September 2023.
(six months ended 30 September 2022: 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 unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2023 (the “**Period**”), together with the comparative figures for the corresponding six months ended 30 September 2022 (the “**Corresponding Period**”), as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

		Six months ended	
		30 September	
		2023	2022
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	282,337	213,790
Cost of services		<u>(241,538)</u>	<u>(168,434)</u>
Gross profit		40,799	45,356
Other income and other gains	4	1,362	6,402
Impairment losses under expected credit loss model, net of reversal		(1,295)	(1,295)
Administrative expenses		(21,271)	(14,410)
Finance costs	5	<u>(1,027)</u>	<u>(259)</u>
Profit before taxation	6	18,568	35,794
Income tax expense	7	<u>(3,268)</u>	<u>(4,880)</u>
Profit and total comprehensive income for the period		<u>15,300</u>	<u>30,914</u>
Profit (loss) and total comprehensive income (expense) for the period attributable to:			
Owners of the Company		14,919	30,953
Non-controlling interests		<u>381</u>	<u>(39)</u>
		<u>15,300</u>	<u>30,914</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	9		
Basic		1.9	3.9
Diluted		<u>1.9</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

		At 30 September 2023 <i>HK\$'000</i> (Unaudited)	At 31 March 2023 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		70,810	60,868
Right-of-use assets		10,522	12,698
Investment property		5,562	5,673
Payments for life insurance		7,061	7,024
Deferred tax assets		363	363
Financial asset at fair value through profit or loss (“FVTPL”)		5,000	5,000
Finance lease receivables		1,634	–
Deposits and prepayments	10	1,404	924
		102,356	92,550
Current assets			
Trade and other receivables, deposits and prepayments	10	96,870	123,108
Finance lease receivables		837	–
Contract assets		258,906	258,488
Tax recoverable		1,110	3,496
Pledged bank balances		5,051	12,500
Cash and cash equivalents		91,222	61,859
		453,996	459,451
Current liabilities			
Trade and retention payables and accruals		70,392	77,266
Contract liabilities		12,668	16,332
Tax payable		1,448	566
Dividend payable		12,800	–
Bank loans	11	45,603	47,550
Lease liabilities		5,681	4,598
		148,592	146,312
Net current assets		305,404	313,139
Total assets less current liabilities		407,760	405,689

	At 30 September 2023 <i>HK\$'000</i> (Unaudited)	At 31 March 2023 <i>HK\$'000</i> (Audited)
Non-current liabilities		
Lease liabilities	<u>7,734</u>	<u>8,277</u>
Net assets	<u>400,026</u>	<u>397,412</u>
Capital and reserves		
Share capital	8,000	8,000
Reserves	<u>392,412</u>	<u>390,179</u>
Equity attributable to owners of the Company	400,412	398,179
Non-controlling interests	<u>(386)</u>	<u>(767)</u>
Total equity	<u>400,026</u>	<u>397,412</u>

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 Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis 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**”) and the application of the following accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those presented in the Group’s annual consolidated financial statements for year ended 31 March 2023.

Share-based payments

Equity-settled share-based payment transactions

Shares granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share award reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share award reserve.

When shares granted are vested, the amount previously recognised in share award reserve will be transferred to retained profits.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 April 2023 for the preparation of the Group’s condensed 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

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	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other income		
Interest income	283	238
Government grants (<i>Note</i>)	–	5,617
Rental income	78	152
Others	968	345
	1,329	6,352
Other gains		
Gain on disposal of property, plant and equipment	–	50
Gain on derecognition of right-of-use assets	33	–
	33	50
	1,362	6,402

Note: During the period ended 30 September 2022, the Group recognised government grants of HK\$5,617,000 related to Employment Support Scheme provided by the Hong Kong government.

5. FINANCE COSTS

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans	796	170
Interest on lease liabilities	231	89
	<u>1,027</u>	<u>259</u>

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	2,676	563
Depreciation of right-of-use assets	2,713	1,965
Depreciation of investment property	111	18
Staff costs (including directors' remuneration)		
– Directors' fees, salaries and allowances and discretionary bonuses	40,465	35,983
– Retirement benefit scheme contributions	1,384	1,332
– Share-based payments expenses	114	–
Total staff costs	<u>41,963</u>	<u>37,315</u>
Donation	<u>3,000</u>	<u>500</u>

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax		
– Current tax	<u>3,268</u>	<u>4,880</u>

Hong Kong Profits Tax is calculated at 16.5% (Unaudited) on the estimated assessable profit for the six months ended 30 September 2023 (six months ended 30 September 2022: 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 HK1.6 cents (six months ended 30 September 2022: HK2.1 cents) per ordinary share in respect of the year ended 31 March 2023 was declared (six months ended 30 September 2022: 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\$12,800,000 (Unaudited) (six months ended 30 September 2022: HK\$16,800,000 (Unaudited)).

Subsequent to the end of the current interim period, the board of directors of the Company has declared an interim dividend of HK0.7 cents (six months ended 30 September 2022: HK1.6 cents) per ordinary share amounting to HK\$5,600,000 (six months ended 30 September 2022: HK\$12,800,000) in aggregate for the six months ended 30 September 2023.

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:

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	14,919	30,953
	800,000,000	800,000,000
	155,881	N/A
	800,155,881	N/A

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

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
Trade receivables	83,940	105,326
Less: Allowance for credit losses	<u>(631)</u>	<u>(631)</u>
	<u>83,309</u>	<u>104,695</u>
Other receivables	6,177	3,800
Less: Allowance for credit losses	<u>(2,590)</u>	<u>(1,295)</u>
	<u>3,587</u>	<u>2,505</u>
Refundable rental deposits (<i>Note</i>)	823	966
Amount due from non-controlling interest of a subsidiary	994	–
Prepayments for purchase of materials and subcontracting fees	7,130	12,181
Prepaid expenses	1,709	2,965
Utility and other deposits	<u>722</u>	<u>720</u>
	<u>98,274</u>	<u>124,032</u>
Analysed as:		
Current assets	96,870	123,108
Non-current assets	<u>1,404</u>	<u>924</u>
	<u>98,274</u>	<u>124,032</u>

Note: Included in the refundable rental deposits as at 30 September 2023 were amounts of HK\$45,000 (Unaudited) (31 March 2023: HK\$45,000 (Audited)) and HK\$20,000 (Unaudited) (31 March 2023: 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 2023 and 31 March 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 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 aged 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 30 September 2023 <i>HK\$'000</i> (Unaudited)	At 31 March 2023 <i>HK\$'000</i> (Audited)
0 to 30 days	39,678	35,751
31 to 90 days	24,799	55,925
91 to 180 days	9,013	7,272
Above 180 days	10,450	6,378
	83,940	105,326
Less: Allowance for credit losses	(631)	(631)
	83,309	104,695

As at 30 September 2023, included in the Group's trade receivables balances are debtors with aggregate gross carrying amount of HK\$19,463,000 (Unaudited) (31 March 2023: HK\$13,650,000 (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 2023: 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 2023: three 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 2023 and 31 March 2023 were classified as current liabilities on those dates.

As at 30 September 2023, bank loans of HK\$35,603,000 (Unaudited) (31 March 2023: HK\$46,967,000 (Audited)) bore variable interest rates from 2.75% to 2.85% per annum (31 March 2023: 2.5% to 2.85% per annum) below Hong Kong Prime Rate. The remaining bank loan at 30 September 2023 bore variable interest rate at 1.75% per annum (31 March 2023: 1.5% 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 several 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.

BUSINESS REVIEW

The economic situation and business environment of Hong Kong have slightly improved during the Period compared with the Corresponding Period.

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”. With the enhanced working capacity, the Group’s contract amount has maintained steady at about HK\$1 billion during the Period, evidencing customers’ recognition of the Group’s management, ability and project management. The Group will continue to develop its business and enhance its ability to participate in new E&M projects.

FINANCIAL REVIEW

Revenue

During the Period, the Group's revenue increased by approximately HK\$68,547,000 or 32.1% to approximately HK\$282,337,000 for the Period as compared to approximately HK\$213,790,000 for the Corresponding Period. The increase was mainly because of the progress of certain residential projects located in Kai Tak and Tin Shui Wai. Furthermore, the Group has completed certain residential and commercial projects during the Period which contributed an significant increment to the revenue.

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 increased by approximately HK\$73,104,000 or 43.4% to approximately HK\$241,538,000 for the Period, as compared to approximately HK\$168,434,000 for the Corresponding Period. The increase of cost of services was in line with the increase of the Group's revenue.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK\$4,557,000 or 10.0% to approximately HK\$40,799,000 for the Period from approximately HK\$45,356,000 for the Corresponding Period.

The Group's gross profit margin decreased to 14.5% for the Period from 21.2% for the Corresponding Period. The decrease in the gross profit margins was mainly due to the revenue contributed to the Group during the Period was mainly arising from the projects awarded in the Corresponding Period with lower gross profit margin.

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 decreased by approximately HK\$5,040,000 or 78.7% to approximately HK\$1,362,000 for the Period from approximately HK\$6,402,000 for the Corresponding Period. The decrease in other income and other gains is mainly due to the decrease of government grants in respect of the Employment Support Scheme provided by the Hong Kong government in the Corresponding Period of approximately HK\$5,617,000.

Administrative Expenses

Administrative expenses mainly comprised staff costs, professional fees, office expenses, depreciation expenses and other expenses. Administrative expenses increased by approximately HK\$6,861,000 or 47.6% to approximately HK\$21,271,000 for the Period from approximately HK\$14,410,000 for the Corresponding Period. The increase of administrative expenses of the Group was mainly due to the donation to PolyU of HK\$3,000,000 to establish the joint laboratory as aforementioned.

Income Tax Expense

The income tax expense decreased by approximately HK\$1,612,000 or 33.0% to approximately HK\$3,268,000 for the Period from approximately HK\$4,880,000 for the Corresponding Period. The decrease was mainly due to the decrease in the taxable profit for the Period.

Profit and Total Comprehensive Income Attributable to Owners of the Company

The Group's profit and total comprehensive income attributable to owners of the Company was approximately HK\$14,919,000 for the Period and HK\$30,953,000 for the Corresponding Period. The decrease in profit and total comprehensive income attributable to owners of the Company was mainly due to the decrease in gross profit and the increase 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 HK0.7 cents per share of the Company (the “**Share**”) for the Period (Corresponding Period: HK1.6 cents), amounting to approximately HK\$5,600,000 (Corresponding Period: HK\$12,800,000). 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 Friday, 15 December 2023. The Interim Dividend will be paid on or around Wednesday, 10 January 2024.

Closure of Register of Members

The Register of Members will be closed from Wednesday, 13 December 2023 to Friday, 15 December 2023, 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 Tuesday, 12 December 2023.

Property, Plant and Equipment

Property, plant and equipment increased by approximately HK\$9,942,000 or 16.3% to approximately HK\$70,810,000 as at 30 September 2023 from approximately HK\$60,868,000 as at 31 March 2023. The increase of the property, plant and equipment is mainly due to the addition of a yacht.

Trade and Other Receivables, Deposits and Prepayments

Trade and other receivables, deposits and prepayments decreased by approximately HK\$25,758,000 or 20.8% to approximately HK\$98,274,000 as at 30 September 2023 from approximately HK\$124,032,000 as at 31 March 2023.

Trade receivables (net of allowance for credit losses) decreased by approximately HK\$21,386,000 or 20.4% to approximately HK\$83,309,000 as at 30 September 2023 from approximately HK\$104,695,000 as at 31 March 2023. The decrease in the trade receivables was mainly due to the enhanced receivables control process.

Trade and Retention Payables and Accruals

Trade and retention payables and accruals decreased by approximately HK\$6,874,000 or 8.9% to approximately HK\$70,392,000 as at 30 September 2023 from approximately HK\$77,266,000 as at 31 March 2023.

Trade payables decreased by approximately HK\$10,384,000 or 19.6% to approximately HK\$42,540,000 as at 30 September 2023 from approximately HK\$52,924,000 as at 31 March 2023. The decrease was mainly due to the settlement before the end of the Period for various purchase of MVAC systems and certain sub-contractors.

Retention payables increased by approximately HK\$176,000 or 1.3% to approximately HK\$13,381,000 as at 30 September 2023 from approximately HK\$13,205,000 as at 31 March 2023. 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 more comprehensive 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, 7 new projects (with a total contract sum amounting to approximately HK\$232,240,000) 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 optimistic towards the business development prospects for the next few years.

As mentioned in the Policy Address 2023, the Hong Kong Government has committed to enhance the land supply for no less than 72,000 residential units in the coming five years in order to fulfill the long-term housing strategy. It is expected that the Hong Kong Government will shortly publish the Action Agenda for the Northern Metropolis which aims to develop the Northern Metropolis as the growth engine of Hong Kong's economy. The policy 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.

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 with 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 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.

In terms of environmental protection and energy conservation, reducing carbon emissions and energy consumption has become a global issue. The government of the People's Republic of China has already stipulated the targets in reaching carbon peak in 2030 and carbon neutrality in 2060 in the 14th Five-Year Plan. It was also announced in the 2022 Policy Address that Hong Kong would strive to achieve carbon neutrality by 2050 and accelerate the incorporation of district cooling system in northern district area to reduce energy consumption. 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 endeavours to incorporate energy saving technologies and renewable energy into E&M systems and enhance energy efficiency in buildings to meet the government's low carbon transformation targets to reduce carbon emissions, thereby making buildings more environmentally-friendly and more comfortable. The Group will actively look for partners to promote its plans for energy conservation and emissions reduction in Hong Kong, and strive to attain carbon peak and carbon neutrality targets and lay the foundation for the Group's intelligent E&M business through utilising innovative technologies and the concept of intelligent energy.

CORPORATE 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 quick ratio of the Group, which is calculated based on the current assets divided by current liabilities, was approximately 3.06 times as at 30 September 2023 (31 March 2023: approximately 3.14 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\$21,914,000 or 29.5% to approximately HK\$96,273,000 as at 30 September 2023 from approximately HK\$74,359,000 as at 31 March 2023 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 2023 and 31 March 2023 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 premise and the corporate guarantee given by the Company (31 March 2023: the Group's three car park spaces, an office premise and corporate guarantee given by the Company).

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

	As at 30 September 2023 HK\$'000	As at 31 March 2023 HK\$'000
Within one year	23,248	24,538
Within a period of more than one year but not exceeding two years	1,393	1,394
Within a period of more than two years but not exceeding five years	4,438	5,978
Over five years	16,524	15,640
	45,603	47,550

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 2023 and 31 March 2023.

As at 30 September 2023, bank loans of HK\$35,603,000 (31 March 2023: HK\$46,967,000) bore variable interest rates from 2.75% to 2.85% per annum (31 March 2023: 2.5% to 2.85% per annum) below Hong Kong Prime Rate. The remaining bank loan at 30 September 2023 bore variable interest rate at 1.75% per annum (31 March 2023: 1.5% 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 14.8% as at 30 September 2023 (31 March 2023: approximately 15.2%).

Capital Expenditure

During the Period, the Group acquired property, plant and equipment of HK\$12,618,000 (31 March 2023: HK\$3,876,000 in property, plant and equipment).

Capital Commitments

As at 30 September 2023, the capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statement is HK\$353,000 (31 March 2023: HK\$12,353,000).

Contingent Liabilities

As at 30 September 2023, performance bonds of HK\$94,020,000 (31 March 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 30 September 2023 were HK\$4,735,000 (31 March 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 30 September 2023 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 2023 (31 March 2023: Nil).

Charges on the Group's Assets

As at 30 September 2023, certain motor vehicles, refundable rental deposits, two car park spaces, an office premise and pledged bank balances of the Group were pledged for the lease liabilities and the bank facilities (31 March 2023: certain motor vehicles, refundable rental deposits, three car park spaces, an office premise 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 2023, 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 2023, the Group employed 188 employees (30 September 2022: 182 employees) with total staff costs (including direct labour costs) of approximately HK\$41,963,000 incurred for the Period (Corresponding Period: approximately HK\$37,315,000). 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 may be awarded to employees according to the assessment of individual performance and market situation.

The Company has adopted a share option scheme on 18 September 2019 for the purpose of providing incentives or rewards to eligible participants for their contributions or potential contributions to the Group. Such scheme became effective on 18 October 2019 (the "**Listing Date**"). As at 30 September 2023, there was no share option granted under the scheme.

A share award scheme has been adopted by the Company 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. As at 30 September 2023, 10,827,000 awarded shares were granted under the scheme.

CORPORATE RECOGNITION

The Group has been awarded the “EcoPartner” and “EcoPioneer” of BOCHK Corporate Low-Carbon Environmental Leadership Awards by Federation of Hong Kong Industries, recognising the Group’s contribution in environmental aspect. The Group will strive to maintain its service quality and adhere to the required quality, safety and environmental standards in order to deliver excellent E&M services and assure workplace safety for all staff members.

COMPETING INTEREST

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

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 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 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (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 approval 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 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 “MODEL CODE”)

The Company has adopted the Model Code as set out in Appendix 10 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 2023 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 2023

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.