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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 2021

FINANCIAL HIGHLIGHTS

- The Group recorded revenue of approximately HK\$508,904,000 for the year ended 31 March 2021.
(2020: approximately HK\$522,332,000)
- The Group recorded gross profit of approximately HK\$102,602,000 and gross profit margin of 20.2% for the year ended 31 March 2021.
(2020: gross profit of approximately HK\$116,189,000 and gross profit margin of 22.2%)
- Profit for the year ended 31 March 2021 amounted to approximately HK\$73,303,000.
(2020: approximately HK\$72,655,000)

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK cents 4.1 per Share for the Year. (2020: HK cents 3.2 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 2021 (the “**Year**”), together with the comparative figures for the year ended 31 March 2020 (the “**Corresponding Year**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	<i>Notes</i>	Year ended 31 March	
		2021	2020
		HK\$'000	HK\$'000
Revenue	3	508,904	522,332
Cost of services		<u>(406,302)</u>	<u>(406,143)</u>
Gross profit		102,602	116,189
Other income	4(a)	11,369	1,395
Other gains and losses	4(b)	–	88
Impairment losses under expected credit loss model, net of reversal		(2,199)	–
Listing expenses		–	(7,188)
Administrative expenses		(25,135)	(22,097)
Finance costs	5	<u>(175)</u>	<u>(132)</u>
Profit before taxation	6	86,462	88,255
Income tax expense	7	<u>(13,159)</u>	<u>(15,600)</u>
Profit and total comprehensive income for the year		<u>73,303</u>	<u>72,655</u>
Earnings per share	9		
– Basic (<i>HK cents</i>)		9.16	10.52
– Diluted (<i>HK cents</i>)		<u>N/A</u>	<u>10.52</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

		As at 31 March	
	Notes	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Property, plant and equipment		3,572	3,921
Right-of-use assets		4,105	2,788
Payments for life insurance		6,879	6,808
Pledged bank balances		15,186	49,677
Deferred tax assets		363	–
		<u>30,105</u>	<u>63,194</u>
Current assets			
Trade and other receivables, deposits and prepayments	10	61,236	68,071
Contract assets		146,592	106,041
Pledged bank balances		42,256	20,476
Bank balances and cash		186,418	109,440
		<u>436,502</u>	<u>304,028</u>
Current liabilities			
Trade and retention payables and accruals	11	80,683	48,899
Trust receipts	12	10,000	–
Contract liabilities		2,227	2,218
Taxation liabilities		1,697	7,816
Bank loans	12	15,022	483
Lease liabilities		2,847	1,583
		<u>112,476</u>	<u>60,999</u>
Net current assets		<u>324,026</u>	<u>243,029</u>
Total assets less current liabilities		<u>354,131</u>	<u>306,223</u>
Non-current liabilities			
Lease liabilities		1,410	1,205
Net assets		<u>352,721</u>	<u>305,018</u>
Capital and reserves			
Share capital	13	8,000	8,000
Reserves		344,721	297,018
Total equity		<u>352,721</u>	<u>305,018</u>

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 Law of the Cayman Islands on 20 September 2018, and its ordinary shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 18 October 2019 (the “**Listing Date**”). 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 Unit Nos. 709–711, 7/F., The Octagon, No. 6 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong (which will be changed to Unit No. 6, 27th Floor, “909 Cheung Sha Wan Road”, No. 909 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong with effect from 1 July 2021), 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.

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**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year 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.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ⁵
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ⁵
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁵
Amendments to HKAS 8	Definition of Accounting Estimates ⁵
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ⁴
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ⁴

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 April 2021

⁴ Effective for annual periods beginning on or after 1 January 2022

⁵ Effective for annual periods beginning on or after 1 January 2023

⁶ Effective for annual periods beginning on or after a date to be determined

The Directors 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 provision of the Group's E&M engineering services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these construction services based on the stage of completion of the contract using input method.

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.

The executive Directors, being the chief operating decision maker (the "CODM"), 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, OTHER GAINS AND LOSSES

	Year ended 31 March	
	2021 HK\$'000	2020 HK\$'000
(a) Other income		
Insurance compensation for staff injury	–	297
Interest income	830	912
Government grants	10,339	–
Interest income on payments for life insurance	71	–
Others	129	186
	<u>11,369</u>	<u>1,395</u>
(b) Other gains and losses		
Gain on disposal of property, plant and equipment	–	130
Write-off of property, plant and equipment	–	(42)
	<u>–</u>	<u>88</u>

5. FINANCE COSTS

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Interest on bank loans	33	24
Interest on lease liabilities	142	108
	<u>175</u>	<u>132</u>

6. PROFIT BEFORE TAXATION

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	772	609
Depreciation of right-of-use assets	3,293	1,933
Auditor's remuneration	800	1,200
Staff costs (including the remuneration of the Directors):		
– Salaries and allowances and discretionary bonus	73,282	66,987
– Retirement benefit scheme contributions	2,457	2,281
	<u>75,739</u>	<u>69,268</u>
Total staff costs		
	<u>75,739</u>	<u>69,268</u>
Donations	60	1,500
	<u>60</u>	<u>1,500</u>

7. INCOME TAX EXPENSE

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Hong Kong Profits Tax		
– Current year	13,522	15,600
Deferred tax	(363)	–
	<u>13,159</u>	<u>15,600</u>

Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) on the estimated assessable profits for the year.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The two-tiered profits tax rates regime was applicable to Chit Tat Electrical Engineering Limited, a wholly-owned subsidiary of the Company, for each of the two years ended 31 March 2021.

8. DIVIDENDS

During the year ended 31 March 2021, a final dividend of HK cents 3.2 per ordinary share in respect of the year ended 31 March 2020 was declared to the ordinary shareholders of the Company. The aggregate amount of the final dividend declared during the year ended 31 March 2021 amounted to HK\$25,600,000 (2020: Nil).

No interim dividends were proposed for the year ended 31 March 2021 (2020: Nil).

Subsequent to the end of the reporting period, the payment of a final dividend of HK cents 4.1 per ordinary share in respect of the year ended 31 March 2021, in an aggregate amount of HK\$32,800,000 has been proposed by the Directors and is subject to approval by the Shareholders in the forthcoming annual general meeting.

9. EARNINGS PER SHARE

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

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Earnings for the purpose of calculating basic earnings per share (profit for the year)	73,303	72,655
	No. of shares	No. of shares
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	800,000	690,710

No diluted earnings per share is presented for the year ended 31 March 2021 as there was no potential ordinary share in issue.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 March 2020 has been determined on the assumption that the reorganisation of the Group for the listing of the Company's ordinary shares on the Main Board of The Stock Exchange of Hong Kong Limited completed on 30 November 2018 and the Capitalisation Issue (as defined in note 13) have been effective on 1 April 2019.

Diluted earnings per share is same as the basic earnings per share for the year ended 31 March 2020 as the effect of the over-allotment option in relation to the Share Offer (as defined in note 13) on diluted earnings per share was insignificant.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Trade receivables	50,716	41,730
Refundable rental deposits	677	359
Other receivables	528	358
Prepayments for purchase of materials and subcontracting fees	6,637	22,046
Prepaid expenses	2,471	3,415
Utilities and other deposits	207	163
	<u>61,236</u>	<u>68,071</u>

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 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 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.

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
0 to 30 days	33,684	35,935
31 to 90 days	12,842	2,774
91 to 180 days	–	1,469
Above 180 days	4,821	1,552
	<u>51,347</u>	<u>41,730</u>
Less: Allowance of credit losses	<u>(631)</u>	<u>–</u>
	<u>50,716</u>	<u>41,730</u>

11. TRADE AND RETENTION PAYABLES AND ACCRUALS

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Trade payables	59,914	26,485
Retention payables	12,564	14,646
Accruals	8,205	7,768
	<u>80,683</u>	<u>48,899</u>

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

	As at 31 March	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	55,285	21,334
31 to 90 days	4,629	5,151
	<u>59,914</u>	<u>26,485</u>

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

12. BANK BORROWINGS

	As at 31 March	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trust receipts, secured	10,000	–
Bank loan, secured	15,022	483
	<u>25,022</u>	<u>483</u>

13. SHARE CAPITAL

The share capital as at 31 March 2020 and 2021 represented the share capital of the Company.

	<i>Notes</i>	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised ordinary shares with par value of HK\$0.01 each:			
As at 1 April 2019		38,000,000	380
Increase in authorised share capital under the reorganisation	(i)	<u>9,962,000,000</u>	<u>99,620</u>
As at 31 March 2020 and 2021		<u>10,000,000,000</u>	<u>100,000</u>
Ordinary shares, issued and fully paid:			
As at 1 April 2019		200	–*
Issue of ordinary shares of the Company pursuant to the Share Offer	(ii)	200,000,000	2,000
Capitalisation Issue	(iii)	<u>599,999,800</u>	<u>6,000</u>
As at 31 March 2020 and 2021		<u>800,000,000</u>	<u>8,000</u>

* Amounts less than HK\$1,000.

Notes:

- (i) On 18 September 2019, pursuant to the written resolution of the sole shareholder of the Company, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 ordinary shares of the Company of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 ordinary shares of the Company of HK\$0.01 each by the creation of an additional 9,962,000,000 new ordinary shares of par value of HK\$0.01 each.
- (ii) On 18 October 2019, 200,000,000 ordinary shares with par value of HK\$0.01 each of the Company were issued at a price of HK\$0.73 per share by way of public offer and placing of the Company's ordinary shares (the "**Share Offer**").
- (iii) On 18 October 2019, the Company effected the capitalisation of an amount of HK\$5,999,998 standing to the credit of the share premium account of the Company as a result of the Share Offer and to appropriate such amount as to capital to pay up in full, at par, 599,999,800 ordinary shares of the Company of HK\$0.01 each for allotment and issue to the shareholders of the Company on 18 October 2019, each ranking *pari passu* in all respects with the then existing issued ordinary shares of the Company (the "**Capitalisation Issue**").

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an established E&M engineering services provider, our major business involves the supply, installation and maintenance of mechanical ventilation and air-conditioning (“MVAC”) systems, drainage systems, water supply, swimming pool and fountain systems, electrical and control systems as well as smart electrical control systems in buildings. We were engaged by reputable property developers and construction companies in Hong Kong to complete several iconic projects. We continue to strive to provide excellent E&M engineering services to our customers.

Looking back over the past year, despite the mass outbreak of COVID-19 which brought challenges to the global business environment and has slowed down the global economy, the Group maintained a stable financial position during the Year. Leveraging on its professional project management capabilities and long-term cooperative relationship with customers, the Group managed to secure a number of large-scale E&M engineering services projects during and after the Year. We will continue to make the most of our advantages and actively participate in tendering, in order to lay a strong foundation for our further growth.

FINANCIAL REVIEW

Revenue

The Group’s revenue decreased by approximately HK\$13,428,000 or 2.6% to approximately HK\$508,904,000 for the Year as compared to approximately HK\$522,332,000 for the Corresponding Year. The slight decrease was mainly due to the fact that certain newly awarded projects were in the early stage of their project implementation phase.

Cost of services

	For the year ended 31 March			
	2021		2020	
	HK\$'000	%	HK\$'000	%
Subcontracting fees	154,620	38.1%	152,071	37.4%
Cost of materials	178,679	44.0%	187,178	46.1%
Direct labour costs	60,262	14.8%	56,002	13.8%
Others	12,741	3.1%	10,892	2.7%
Total	<u>406,302</u>	<u>100.0%</u>	<u>406,143</u>	<u>100.0%</u>

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 slightly increased by approximately HK\$159,000 to approximately HK\$406,302,000 for the Year, as compared to approximately HK\$406,143,000 for the Corresponding Year.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK\$13,587,000 or 11.7% from approximately HK\$116,189,000 for the Corresponding Year to approximately HK\$102,602,000 for the Year.

The Group's gross profit margin decreased by 2% to 20.2% for the Year as compared with the Corresponding Year of 22.2%. 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 in the Year with a lower profit margin.

Administrative expenses

Administrative expenses mainly comprised staff costs, travelling and transportation, rental and building management fee, professional fee, office expenses, depreciation expenses and other expenses. Administrative expenses increased from approximately HK\$22,097,000 for the Corresponding Year to approximately HK\$25,135,000 for the Year. The increase in administrative expenses of the Group was mainly due to the increase in staff costs, office expenses and depreciation expenses. The Group believes it can increase its productivity to grasp the opportunities in the post-pandemic era.

Pledged bank balances and bank balances and cash

The Group's pledged bank balances were to secure the grant of performance bonds to the Group by a bank. The pledged bank balances and bank balances and cash increased by approximately HK\$64,267,000 or 35.8% from approximately HK\$179,593,000 as at 31 March 2020 to approximately HK\$243,860,000 as at 31 March 2021.

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

Trade and other receivables, deposits and prepayments

Trade and other receivables, deposits and prepayments decreased by approximately HK\$6,835,000 or 10.0% from approximately HK\$68,071,000 as at 31 March 2020 to approximately HK\$61,236,000 as at 31 March 2021.

Trade receivables (net of allowance of credit losses) increased by approximately HK\$8,986,000 or 21.5% from approximately HK\$41,730,000 as at 31 March 2020 to approximately HK\$50,716,000 as at 31 March 2021. The increase was due to significant amount of revenue certified by the customers at the end of the Year in accordance with the relevant projects' construction schedules.

Prepayments for purchase of materials and subcontracting fees decreased by approximately HK\$15,409,000 or 69.9% from approximately HK\$22,046,000 as at 31 March 2020 to approximately HK\$6,637,000 as at 31 March 2021. The significant decrease was mainly due to utilisation of prepayments to various suppliers for our contract costs.

Trade and retention payables and accruals

Trade and retention payables and accruals increased by approximately HK\$31,784,000 or 65.0% from approximately HK\$48,899,000 as at 31 March 2020 to approximately HK\$80,683,000 as at 31 March 2021.

Trade payables increased by approximately HK\$33,429,000 or 126.2% from approximately HK\$26,485,000 as at 31 March 2020 to approximately HK\$59,914,000 as at 31 March 2021. The increase was mainly due to the purchase of MVAC systems for projects engaged near the end of the Year.

Retention payables decreased by approximately HK\$2,082,000 or 14.2% from approximately HK\$14,646,000 as at 31 March 2020 to approximately HK\$12,564,000 as at 31 March 2021. The decrease was mainly due to the release of retention monies to our sub-contractors for projects completed within the Year.

Bank borrowings

	As at 31 March	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trust receipts, secured	10,000	–
Bank loans, secured	15,022	483
	25,022	483

The Group's bank loans and trust receipts as at 31 March 2021 (2020: a bank loan) were lent by a bank under its bank facilities granted to the Group.

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 and trust receipts were classified as current liabilities as at 31 March 2020 and 2021.

Included in the bank loans as at 31 March 2021 was a bank loan of HK\$347,000 (2020: HK\$483,000), which bore variable interest rate at 2% per annum below Hong Kong Prime Rate quoted by the relevant bank (2020: variable interest rate at 2% per annum below Hong Kong Prime Rate quoted by the relevant bank). The remaining bank loan as at 31 March 2021 bore variable interest rate at 1.5% per annum above one-month Hong Kong Interbank Offered Rate. The bank loans were denominated in Hong Kong dollars.

FUTURE PROSPECTS

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. As a result of the continuous hard work by the management, the Group has obtained 9 projects with a total contract sum of approximately HK\$352,723,000 for the period after the Year and up to the date of this announcement. As at the date of this announcement, we have been engaging in active negotiations in respect of 5 projects (with a total contract sum exceeding HK\$500,000,000 and a higher chance to be accepted) that we submitted tenders for. 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 actively look for new businesses opportunities and bring better returns to shareholders of the Company (the "**Shareholders**").

As mentioned in the 2020 Policy Address, the Hong Kong Government will continue to invest in infrastructure and make efforts to reinvent the construction industry. The Group will seize the business opportunities in the post-pandemic economy. Building on its foundation in providing quality E&M engineering services, the Group will strive to develop new businesses through adopting multiple perspectives and multi-channel thinking. The Group will venture into new businesses of innovation and technology, smart technology, energy conservation and environmental protection, and look for opportunities to participate in property development projects. In addition, based on business development needs, the Group will identify prospective business partners and joint venture opportunities for different business segments to broaden the Group's business scope and drive cross-border development, thereby generating greater returns for the Shareholders.

In the field of innovation and technology, the Group will actively promote the implementation of the framework agreement regarding the establishment of “Joint Research and Development Laboratory” with local universities, and implement various research product designs as well as the application of technologies in areas such as improvement of air quality, smart technology, energy conservation and environmental protection, thereby 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. Since the adoption of the “Paris Agreement” in 2015, many countries have developed specific timelines and plans for carbon neutrality, and the European Union has decided to legislate on its commitment to achieve carbon neutrality by 2050. The Chinese government has already stipulated the targets in reaching carbon peak in 2030 and carbon neutrality in 2060 in the 14th Five-Year Plan. 2020 Policy Address also announced that Hong Kong would strive to achieve carbon neutrality by 2050 and would update the “Hong Kong’s Climate Action Plan”. As a key player in the industry of the installation of E&M systems, we carry the responsibility to protect the ecosystem, and to ensure environmental protection while promoting growth and development of the society. We endeavour to incorporate energy saving technologies and renewable energy into E&M systems to reduce carbon emissions, thereby making buildings more environmentally-friendly and more comfortable. We will actively look for partners to promote our plans for energy conservation and emissions reduction in Hong Kong, and strive to attain carbon peak and carbon neutrality targets and lay the foundation for the Group’s intelligent E&M business through utilising innovative technologies and the concept of intelligent energy.

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group’s working capital was financed by internal resources, loan facilities from banks and the net proceeds from the Share Offer. The current ratio of the Group, which is calculated based on the current assets divided by current liabilities, was approximately 3.88 times as at 31 March 2021 (31 March 2020: approximately 4.98 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 settlement of its trade and retention payables, bank borrowings 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 5.5% as at 31 March 2021 (31 March 2020: approximately 1.1%).

CAPITAL EXPENDITURE

During the Year, the Group incurred cash outflows of approximately HK\$423,000 in leasehold improvements, and furniture, fixtures and equipment (Corresponding Year: HK\$1,418,000 in leasehold improvements, motor vehicles and furniture, fixtures and equipment).

CAPITAL COMMITMENTS

As at 31 March 2021, the Group had no significant capital commitments (31 March 2020: Nil).

CONTINGENT LIABILITIES

As at 31 March 2021, performance bonds of HK\$83,587,000 (2020: HK\$49,972,000) 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 2021 were HK\$57,442,000 (2020: HK\$49,972,000), 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 2021 were issued under the bank facilities granted by another bank to the Group and such bank facilities were secured by the Group's carpark space and corporate guarantee given by the Company in favour of the bank.

Save as disclosed herein, the Group had no material contingent liabilities as at 31 March 2021 (31 March 2020: Nil).

EVENTS AFTER THE REPORTING PERIOD

There were no significant events subsequent to the Year and up to the date of this announcement which had materially affected the Group's operating and financial performance (31 March 2020: Nil).

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2021, certain motor vehicles, refundable rental deposits, the carpark space and pledged bank balances of the Group were pledged for the lease liabilities and the bank facilities (31 March 2020: secured by certain motor vehicles, refundable rental deposits, the Group's carpark space, pledged bank balances and the payments of life insurance policy).

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

During the Year, the Group did not have any significant investments, material acquisitions nor disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

As at 31 March 2021, save as disclosed herein, the Group did not have any other plans for significant investments or capital assets.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars. The Group is not significantly exposed to foreign currency risk arising from monetary assets and liabilities that are denominated in currencies other than the functional currencies of the respective group entities.

The Group currently does not have a foreign currency hedging policy as the foreign currency risk is considered to be insignificant. However, the management will continue to closely monitor the Group's foreign exchange risk exposure and will consider hedging significant foreign exchange exposure when necessary.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group employed 162 employees (31 March 2020: 159 employees) with total staff costs (including direct labour costs) of approximately HK\$75,739,000 incurred for the Year (Corresponding Year: approximately HK\$69,268,000). 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.

CORPORATE RECOGNITION

During the Year, the Company has been recognised as one of “Forbes Asia’s 200 Best Under A Billion” and has been selected as a constituent stock of the MSCI Hong Kong Micro Cap Index. The Group has also received the Asia’s Most Prominent Engineering (E&M) Company Award 2020 from MythFocus, CORPHUB’s Most Outstanding Electrical and Mechanical Engineering Services Award 2020 and Elite Awards 2020-Star Electrical and Mechanical Engineering Enterprise Award from Ming Pao Weekly for its outstanding performance in the E&M industry.

In the area of corporate social responsibility, the Group has received the Asian Social Caring Leadership Award from the Community Chest as well as the Outstanding Social Caring Organisation Award from the Social Enterprise Research Academy. The Group has also received the Corporate Environmental Leadership Award from the 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 our corporate social responsibilities commitment to the next level in order to deliver excellent E&M services to our 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.

USE OF PROCEEDS

The net proceeds from the listing of the shares of the Company (the “**Shares**”) on the Stock Exchange were approximately HK\$125,345,000. The Directors intend to deploy the proceeds according to the manner set out in the prospectus of the Company dated 27 September 2019. Set out below is the actual use of net proceeds up to 31 March 2021:

Intended application	Estimated proceeds allocation <i>HK\$'000</i>	Utilised net proceeds during the	Net proceeds utilised during the Year <i>HK\$'000</i>	Utilised net proceeds up to 31 March 2021 <i>HK\$'000</i>	Unutilised net proceeds as at 31 March 2021 <i>HK\$'000</i>
		period from the Listing Date to 31 March 2020 <i>HK\$'000</i>			
Purchasing performance bonds	43,120	43,120	–	43,120	–
MVAC procurement costs	59,290	20,803	38,487	59,290	–
Hiring additional staff	11,660	1,007	7,714	8,721	2,939
General working capital	11,275	5,000	6,275	11,275	–
Total	<u>125,345</u>	<u>69,930</u>	<u>52,476</u>	<u>122,406</u>	<u>2,939</u>

As at the date of this announcement, the unutilised net proceeds of approximately HK\$2,939,000 had already been fully utilised based on the intended use as set out above.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK cents 4.1 per Share (2020: HK cents 3.2 per Share) for the Year (the “**Final Dividend**”) to the Shareholders whose names appear on the register of members of the Company (the “**Register of Members**”) on Thursday, 7 October 2021, which amount to approximately HK\$32,800,000 (2020: HK\$25,600,000). Subject to the passing of the relevant resolution at the forthcoming annual general meeting of the Company to be held on Tuesday, 28 September 2021 (the “**AGM**”), the Final Dividend is expected to be paid to the Shareholders on or around Friday, 29 October 2021.

CLOSURE OF REGISTER OF MEMBERS

In relation to 2021 AGM

The Register of Members will be closed from Thursday, 23 September 2021 to Tuesday, 28 September 2021, both days inclusive, during which period no transfers of Shares shall be effected. In order to qualify for attending and voting at the 2021 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 21 September 2021.

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 2021 AGM, the Register of Members will be closed from Tuesday, 5 October 2021 to Thursday, 7 October 2021, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Monday, 4 October 2021.

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 Rules Governing the Listing of Securities on the Stock Exchange (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 14 to the Listing Rules with the exception of code provision A.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 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 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 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 ended 31 March 2021 as set out in this 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 this 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 ended 31 March 2021 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, 30 June 2021

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.