



# 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

## 2023 INTERIM REPORT



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Dr. Ko Lai Hung

*(Chairman and Chief Executive Officer)*

Ms. Cheung Mei Lan

#### Non-executive Director

Mr. Ko Angus Chun Kit

#### Independent Non-executive Directors

Mr. Chan Cheong Tat

Ms. Tse Ka Wing

Mr. Ho Chi Shing

#### AUDIT COMMITTEE

Ms. Tse Ka Wing *(Chairperson)*

Mr. Chan Cheong Tat

Mr. Ko Angus Chun Kit

#### REMUNERATION COMMITTEE

Mr. Ho Chi Shing *(Chairperson)*

Mr. Chan Cheong Tat

Dr. Ko Lai Hung

#### NOMINATION COMMITTEE

Mr. Chan Cheong Tat *(Chairperson)*

Mr. Ho Chi Shing

Dr. Ko Lai Hung

#### AUTHORISED REPRESENTATIVES

Dr. Ko Lai Hung

Mr. Cheng Chi Wai

#### COMPLIANCE OFFICER

Mr. Cheng Chi Wai

#### COMPANY SECRETARY

Mr. Cheng Chi Wai

#### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Standard Chartered Bank (HK) Limited

#### INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu

*Registered Public Interest Entity Auditors*

35th Floor

One Pacific Place

88 Queensway

Hong Kong

#### REGISTERED OFFICE

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

#### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit A, 19/F

TML Tower

No. 3 Hoi Shing Road

Tsuen Wan

New Territories

Hong Kong

#### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

#### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

#### STOCK CODE

1283

#### COMPANY'S WEBSITE

<http://www.chittathk.com>

#### INVESTOR RELATIONS

Email: [accel@financialpr.hk](mailto:accel@financialpr.hk)

## 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.





## MANAGEMENT DISCUSSION AND ANALYSIS

### 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW *(Continued)*

#### 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.





## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW *(Continued)*

#### 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(s)**”) 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW *(Continued)*

#### 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.







## MANAGEMENT DISCUSSION AND ANALYSIS

### 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CORPORATE FINANCE AND RISK MANAGEMENT *(Continued)*

#### 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 the 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 2023 HK\$'000</b>	As at 31 March 2023 HK\$'000
Within one year	<b>23,248</b>	24,538
Within a period of more than one year but not exceeding two years	<b>1,393</b>	1,394
Within a period of more than two years but not exceeding five years	<b>4,438</b>	5,978
Over five years	<b>16,524</b>	15,640
	<b>45,603</b>	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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### CORPORATE FINANCE AND RISK MANAGEMENT *(Continued)*

#### 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).

## MANAGEMENT DISCUSSION AND ANALYSIS

### CORPORATE FINANCE AND RISK MANAGEMENT *(Continued)*

#### 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.





## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 report.

### 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.

For further details, please refer to the section headed "Share Award Scheme" under "Corporate Governance and Other Information" in this Interim Report.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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.

### 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.





## MANAGEMENT DISCUSSION AND ANALYSIS

### **FUTURE PROSPECTS** *(Continued)*

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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **FUTURE PROSPECTS** *(Continued)*

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 GOVERNANCE AND OTHER INFORMATION

### 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 (the “**INEDs**”) who are qualified professionals and/or experienced individuals. As all major decisions are made in consultation with all the Board members who meet on a regular basis to review the operations of the Group, and shall be approved by majority approval of the Board, with the three INEDs on the Board scrutinising important decisions and offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will continue to review and consider splitting the roles of the Chairman and the CEO at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DISCLOSURE OF INTERESTS

#### Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations

As at 30 September 2023, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “SFO”)) which were required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”), were as follows:

#### (i) Long position in the Shares

Name of Directors	Capacity	Nature of interests	Number of Shares held	Percentage of shareholding
Dr. Ko Lai Hung (“Dr. Ko”) (Note)	Interest in controlled corporation	Corporate interest	600,000,000	75%
Ms. Cheung Mei Lan (“Ms. Cheung”) (Note)	Interest of spouse	Family interest	600,000,000	75%

Note: The 600,000,000 Shares are held by Lightspeed Limited (“Lightspeed”), a company incorporated in British Virgin Islands with limited liability and is beneficially owned as to 70% by Dr. Ko and 30% by Ms. Cheung. Under the SFO, Dr. Ko is deemed to be interested in the Shares held by Lightspeed and Ms. Cheung, spouse of Dr. Ko, is deemed to be interested in the Shares deemed to be held by Dr. Ko.





## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DISCLOSURE OF INTERESTS *(Continued)*

#### **Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations** *(Continued)*

##### **(ii) Long position in the ordinary shares of an associated corporation**

<b>Name of Directors</b>	<b>Name of associated corporation</b>	<b>Capacity</b>	<b>Nature of interests</b>	<b>Number of shares held</b>	<b>Percentage of shareholding</b>
Dr. Ko <i>(Note)</i>	Lightspeed	Beneficial owner and interest of spouse	Personal interest and family interest	200	100%
Ms. Cheung <i>(Note)</i>	Lightspeed	Beneficial owner and interest of spouse	Personal interest and family interest	200	100%

*Note:* Lightspeed is the holding company of the Company and is an associated corporation within the meaning of Part XV of the SFO. Lightspeed is beneficially owned as to 70% by Dr. Ko and 30% by Ms. Cheung, spouse of Dr. Ko, respectively.

Save as disclosed above, as at 30 September 2023, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DISCLOSURE OF INTERESTS *(Continued)*

#### Substantial shareholders' interests and short positions in Shares and underlying Shares

So far as the Directors are aware of, as at 30 September 2023, the following corporation which/person (other than a Director or the chief executive of the Company) who had, or were taken or deemed to have interests or short positions in the Shares or underlying Shares, which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

#### *Long position in the Shares*

Name of shareholder	Capacity	Nature of interests	Number of Shares held	Percentage of shareholding
Lightspeed (Note)	Beneficial owner	Personal interest	600,000,000	75%

Note: Lightspeed is beneficially owned as to 70% by Dr. Ko and 30% by Ms. Cheung, spouse of Dr. Ko, respectively.

Save as disclosed above, as at 30 September 2023, the Company had not been notified by any other corporation which/person (other than a Director or the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares, which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.





## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SHARE OPTION SCHEME

The existing share option scheme of the Company (the “**Share Option Scheme**”) was approved for adoption pursuant to a written resolution of the sole shareholder passed on 18 September 2019 for the purpose of providing an incentive or reward to the eligible participants for their contribution or potential contribution to the Company and/or any of its subsidiaries.

#### 1. **Participants of the Share Option Scheme and the basis of determining the eligibility of the participants**

The Board is entitled at any time and from time to time grant options pursuant to the Share Option Scheme to any full-time or part-time employees, consultants or potential employees, consultants, executives or officers (including executive directors, non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries, and any suppliers, customers, consultants, agents, advisers, business partner or service providers who, in the sole opinion of the Board has contributed or will contribute to the Company and/or any of its subsidiaries.

#### 2. **Grant of options**

The Directors were authorised to grant options to subscribe for Shares and to allot, issue and deal with the Shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary and/or desirable to implement and give effect to the Share Option Scheme.

#### 3. **Maximum number of Shares available for subscription and scheme limit**

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not, in aggregate, exceed 10% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (as defined in the Prospectus), and the Share Option Scheme limit is 80,000,000 Shares, which represented 10% of the issued Shares as at the date of this report.

#### 4. **Life of the Share Option Scheme**

The Share Option Scheme shall remain valid and effective until the tenth anniversary of the Listing Date.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SHARE OPTION SCHEME *(Continued)*

#### 5. **Grantee's maximum holding**

Unless otherwise approved by the shareholders in a general meeting, the total number of Shares issued and to be issued upon the exercise of all options granted to an eligible participant under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 1% of the Shares in issue within any 12-month period. Any grant of options to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the INEDs.

#### 6. **Grant to substantial shareholders and INEDs**

Unless otherwise approved by the shareholders in a general meeting and/or such other requirements prescribed under the Listing Rules, the Shares issued and to be issued upon exercise of all options already granted and proposed to be granted to a substantial shareholder or any INEDs or their respective associates under the Share Option Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) shall not (i) exceed 0.1% of the Shares in issue; and (ii) have an aggregate value in excess of HK\$5,000,000, within any 12-month period up to and including the date of grant.

#### 7. **Exercise of options**

The Board may, at its discretion, determine the minimum period for which the option has to be held before it can be exercised, and the period during which an option may be exercised. However, no options shall be exercised ten years after they have been granted.

#### 8. **Exercise price**

The subscription price of a Share in respect of a particular option shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date of the grant of the option, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the grant of the option; and (iii) the nominal value of a Share.





## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SHARE OPTION SCHEME *(Continued)*

#### 9. Acceptance of offer

An offer shall be made to any eligible participants of the Share Option Scheme by an offer document in such form as the Board may from time to time determine, requiring such participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme. To accept any options granted by the Company, the grantee is required to pay a consideration of HK\$1 on or before the last day of acceptance set out in the relevant offer document.

Since the date of adoption of the Share Option Scheme and up to the date of this report, no share options were granted, exercised, cancelled or lapsed under the Share Option Scheme.

As at 1 April 2023 and 30 September 2023, the maximum number of shares that may be granted under the Share Option Scheme were 80,000,000 Shares. No service provider sublimit was set under the Share Option Scheme.

### SHARE AWARD SCHEME

The Company has adopted the 2023 share award scheme (the “**2023 Share Award Scheme**”) at the annual general meeting of the Company held on 15 September 2023 (the “**Adoption Date**”) for the purpose of providing the selected participants with the opportunity to acquire proprietary interests in the Company, encouraging the selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole; and providing the Company with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to the selected participants.

#### 1. Eligible Participants of the 2023 Share Award Scheme

Only employee participants shall be eligible for the 2023 Share Award Scheme (the “**Eligible Participant**”). Employee participants refer to any Director (excluding any independent non-executive directors) and employee of the Group (including persons who are granted share awards under this 2023 Share Award Scheme as inducement to enter into employment contacts with these companies).

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SHARE AWARD SCHEME *(Continued)*

#### 2. Grant of Award

The Remuneration Committee and the Board may, at its sole discretion make the relevant grant of awarded shares (the “**Award Shares**”) to the selected participants under the 2023 Share Award Scheme subject to such terms and conditions as the Remuneration Committee and the Board may deem appropriate at its discretion.

#### 3. Maximum Number of Shares to be granted

The total number of the Award Shares which may be issued in respect of all options and awards to be granted under the 2023 Share Award Scheme and any other schemes shall not in aggregate exceed 10% of the Company’s total number of Shares in issue (i.e. 800,000,000 Shares) as at the adoption date (the “**Scheme Mandate Limit**”). The Scheme Mandate Limit is 80,000,000 Shares, which represented 10% of the issued Shares as at the date of this report.

#### 4. Maximum entitlement of each participant

No award may be granted to any one Eligible Participant such that the total number of Shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the 2023 Share Award Scheme) in any 12-month period up to the date of the latest grant exceeds 1% of the issued Shares from time to time, unless such grant is separately approved by the Shareholders in general meeting.

#### 5. Vesting of Awarded Shares

The vesting period of an Award for new Shares held by the Eligible Participant must be at least 12 months. A shorter vesting period may be granted to an Eligible Participant at the Board’s sole and absolute discretion in certain circumstances prescribed in the 2023 Share Award Scheme.

#### 6. Basis of Determining the Purchase Price of Awarded Shares

The purchase price of the awarded shares (if any) shall be such price which shall be determined by the Board from time to time based on considerations such as the prevailing closing price of the Shares (being the average closing market price for the five business days preceding the date of grant on which the Shares are traded on the Stock Exchange), the purpose of the Award and the characteristics and profile of the Selected Participant.







## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SHARE AWARD SCHEME (Continued)

#### 7. Life of the 2023 Share Award Scheme

The 2023 Share Award Scheme commences on the Adoption Date and remains valid and effective unless and until being terminated upon the expiry of the period of ten (10) years from such date.

During the Period, 10,827,000 Awarded Shares had been awarded. As at 1 April 2023 and 30 September 2023, the maximum number of shares that may be granted under the Share Option Scheme were 0 and 69,173,000 Shares. No service provider sublimit was set under the 2023 Share Award Scheme. The number of Awarded Shares granted divided by the weighted average number of issued shares during the Period was approximate 1.4%.

Movements of the Awarded Shares under the 2023 Share Award Scheme for the Period are as follows:

Name of participant	Date of Grant	Purchase Price	Unvested as at 1 April 2023	Granted during the Period	Vested during the Period	Cancelled during the Period	Lapsed during the Period	Unvested as at 30 September 2023
Ms. Wong Hoi Yan	15/09/2023 (Notes 1, 2)	N/A	-	500,000	-	-	-	500,000
Ms. Wong Hoi Ki	15/09/2023 (Notes 1, 2)	N/A	-	220,000	-	-	-	220,000
Ms. Ko Karlie	15/09/2023 (Notes 1, 2)	N/A	-	300,000	-	-	-	300,000
Mr. Wong Hau Wai	15/09/2023 (Notes 1, 2)	N/A	-	800,000	-	-	-	800,000
Mr. Cheung Choi On	15/09/2023 (Note 1)	N/A	-	202,000	-	-	-	202,000
Employees – In aggregate	15/09/2023 (Notes 1, 2)	N/A	-	8,805,000	-	-	-	8,805,000
<b>Total</b>			-	10,827,000	-	-	-	10,827,000

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SHARE AWARD SCHEME *(Continued)*

Notes:

1. The vesting will take place on 31 March of each year beginning in 2024 and ending in 2033 and shall be vested in 10 equal tranches. There is no performance target attached to the Awarded Shares.
2. The closing price of the shares immediately before the date on which the share awards were granted (i.e. 14 September 2023) was HK\$1.01 per share.

The estimate fair value of the Awarded Shares granted during the Period was approximately HK\$9,282,000. The estimated fair value of the Awarded Shares granted was measured in accordance with the accounting standards and policies adopted for preparing the Company's financial statements and based on the ex-dividend closing price of the Company's shares on the date of grant.

### 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.

### 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.





## CORPORATE GOVERNANCE AND OTHER INFORMATION

### 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 report, including the accounting principles and standards adopted by the Group in conjunction with the Group's independent auditor.

### 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

## REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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TO THE BOARD OF DIRECTORS OF ACCEL GROUP HOLDINGS LIMITED

### INTRODUCTION

We have reviewed the condensed consolidated financial statements of Accel Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 29 to 56, which comprise the condensed consolidated statement of financial position as of 30 September 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“**HKSRE 2410**”) issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.





## REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

28 November 2023

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

For the six months ended 30 September 2023

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



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
<i>NOTES</i>		
<b>Non-current assets</b>		
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	1,404	924
12		
	<b>102,356</b>	92,550
<b>Current assets</b>		
Trade and other receivables, deposits and prepayments	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
12		
	<b>453,996</b>	459,451
<b>Current liabilities</b>		
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	45,603	47,550
Lease liabilities	5,681	4,598
16		
	<b>148,592</b>	146,312
<b>Net current assets</b>	<b>305,404</b>	313,139
<b>Total assets less current liabilities</b>	<b>407,760</b>	405,689

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

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







## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

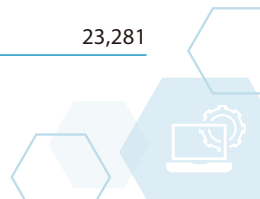
	Equity attributable to owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Share award reserve	Other reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2023 (Audited)	8,000	195,606	-	(72,580)	267,153	398,179	(767)	397,412
Profit and total comprehensive income for the period	-	-	-	-	13,664	13,664	381	14,045
Recognition of equity-settled share-based payments (Note 21)	-	-	114	-	-	114	-	114
Dividends recognised as distribution (Note 8)	-	-	-	-	(12,800)	(12,800)	-	(12,800)
At 30 September 2023 (Unaudited)	8,000	195,606	114	(72,580)	268,017	399,157	(386)	398,771
At 1 April 2022 (Audited)	8,000	195,606	-	(72,580)	240,276	371,302	(190)	371,112
Profit (loss) and total comprehensive income (expense) for the period	-	-	-	-	30,953	30,953	(39)	30,914
Dividends recognised as distribution (Note 8)	-	-	-	-	(16,800)	(16,800)	-	(16,800)
At 30 September 2022 (Unaudited)	8,000	195,606	-	(72,580)	254,429	385,455	(229)	385,226

**Note:** The other reserve arose from: (i) deemed distribution arising from the imputed interest income on non-current interest-free advances to Dr. Ko Lai Hung ("Dr. Ko"), an ultimate controlling party of the Company, amounting to HK\$10,190,000 in prior years; (ii) issuance of ordinary shares of the Company for the reorganisation of the Group for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited completed on 30 November 2018 amounting to HK\$72,266,000; and (iii) deemed contribution arising from the waiver of an amount due to Dr. Ko amounting to HK\$9,876,000.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended 30 September	
	NOTE 2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Operating activities</b>		
Profit before taxation	<b>17,068</b>	35,794
Adjustments for:		
Depreciation of property, plant and equipment	<b>2,676</b>	563
Depreciation of right-of-use assets	<b>2,713</b>	1,965
Depreciation of investment property	<b>111</b>	18
Impairment losses under expected credit loss model, net of reversal	<b>1,295</b>	1,295
Gain on disposal of property, plant and equipment	<b>(20)</b>	(50)
Gain on derecognition of right-of-use assets	<b>(33)</b>	–
Interest income	<b>(283)</b>	(238)
Finance costs	<b>1,027</b>	259
Share-based payments expenses	<b>114</b>	–
Operating cash flows before movements in working capital	<b>24,668</b>	39,606
Decrease in finance lease receivables	<b>42</b>	–
Decrease (increase) in trade and other receivables, deposits and prepayments	<b>25,457</b>	(1,897)
Decrease (increase) in contract assets	<b>1,082</b>	(12,796)
Decrease in trade and retention payables and accruals	<b>(7,814)</b>	(818)
Decrease in contract liabilities	<b>(3,664)</b>	(814)
Cash generated from operations and net cash from operating activities	<b>39,771</b>	23,281





## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

		Six months ended 30 September	
		2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
NOTE			
	<b>Investing activities</b>		
	Interest received	234	202
	Purchases of property, plant and equipment	(12,618)	(331)
	Proceeds from disposal of property, plant and equipment	20	50
	Withdrawals of pledged bank balances	7,449	2,537
	Advances to non-controlling interest of a subsidiary	(1,202)	–
	Repayments from non-controlling interest of a subsidiary	208	–
	Settlement received from the Vendor	–	739
	Net cash outflow on acquisition of a subsidiary	–	(61,828)
	<b>Net cash used in investing activities</b>	<b>(5,909)</b>	<b>(58,631)</b>
	<b>Financing activities</b>		
	Interest paid	(1,027)	(259)
	Dividend paid	–	(16,800)
	Advances from non-controlling interest of a subsidiary	940	–
	New bank loans raised	10,000	16,881
	Repayments of bank loans	(11,947)	(11,077)
	Repayments of lease liabilities	(2,465)	(2,232)
	<b>Net cash used in financing activities</b>	<b>(4,499)</b>	<b>(13,487)</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended 30 September	
	NOTE 2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>29,363</b>	(48,837)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>61,859</b>	143,265
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD,</b> represented by bank balances and cash	<b>91,222</b>	94,428





## 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

#### 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.





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. OTHER INCOME AND OTHER GAINS

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Other income</b>		
Interest income	<b>283</b>	238
Government grants ( <i>Note</i> )	–	5,617
Rental income	<b>78</b>	152
Others	<b>968</b>	345
	<b>1,329</b>	6,352
<b>Other gains</b>		
Gain on disposal of property, plant and equipment	–	50
Gain on derecognition of right-of-use assets	<b>33</b>	–
	<b>33</b>	50
	<b>1,362</b>	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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 5. FINANCE COSTS

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

### 6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (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	<b>41,963</b>	37,315
Donation	<b>3,000</b>	500





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 7. INCOME TAX EXPENSE

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

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 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 30 September</b>	
	<b>2023</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2022 <i>HK\$'000</i> (Unaudited)
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	<b>14,919</b>	30,953
	<b>Number of shares</b>	
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>800,000,000</b>	800,000,000
Effect of dilutive potential ordinary shares in respect of outstanding share awards of the Company	<b>155,881</b>	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>800,155,881</b>	N/A

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





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 10. ASSETS ACQUISITION THROUGH ACQUISITION OF A SUBSIDIARY

On 31 August 2022, the Group completed acquisition of the entire issued share capital of Best Investment Development Limited (“**Best Investment**”) and the rights of all sums owing by it to the “Vendor”, an independent third party to the Group, for a total cash consideration of HK\$61,828,000 (the “**Acquisition**”). Best Investment’s principal activities are holding of a workshop unit, a car parking space and a heavy goods vehicle parking space of a building in Hong Kong for rental income. Upon completion of the Acquisition, Best Investment became a wholly-owned subsidiary of the Company which has occupied the workshop unit and the car parking space for self-use since the expiry of the rental agreements in September 2022 and continued to lease the heavy goods vehicle parking space for rental purpose. The directors of the Company determined that the acquisition of property, plant and equipment and investment property is not a business.

Assets acquired and liabilities recognised on the completion of the Acquisition are as follows:

	<i>HK\$'000</i>
Property, plant and equipment	56,027
Investment property	5,801
Amount due from the Vendor	739
Other receivables, deposits, prepayments	58
Rental deposits received and other payables	(797)
Amount due to the Vendor	(35,568)
	<hr/>
	26,260
Amount due to the Vendor acquired by the Group	35,568
	<hr/>
	61,828
	<hr/>
Consideration paid	61,828
	<hr/>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 11. MOVEMENTS IN PROPERTIES, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTY

During the six months ended 30 September 2023, the Group acquired property, plant and equipment of HK\$12,618,000 (Unaudited) (six months ended 30 September 2022: HK\$56,358,000 (Unaudited)) and nil (six months ended 30 September 2022: HK\$5,801,000 (Unaudited)) respectively, of which property, plant and equipment and investment property of nil (six months ended 30 September 2022: HK\$56,027,000 (Unaudited)) and nil (six months ended 30 September 2022: HK\$5,801,000 (Unaudited)) respectively were acquired through the Acquisition. Details of which are set out in note 10.

During the six months ended 30 September 2023, the Group entered into rental agreements for the use of office premises, care park, warehouse and motor vehicles (six months ended 30 September 2022: office premises, car park and staff quarter) ranging for two to four (six months ended 30 September 2022: for six months to 3.5 years). On lease commencement of the above new rental agreements, the Group recognised HK\$3,005,000 (Unaudited) (six months ended 30 September 2022: HK\$8,525,000 (Unaudited)) of right-of-use assets and lease liabilities, which are non-cash transactions.

During the six months ended 30 September 2023, the Group entered into finance lease arrangement as a lessor for sub-leasing a portion of a warehouse. The related right-of-use assets are derecognised and a gain on derecognition of right-of-use assets amounting to HK\$33,000 is recognised in profit or loss and presented under other gains and losses (note 4).





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 12. 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	(631)	(631)
	<b>83,309</b>	104,695
Other receivables	6,177	3,800
Less: Allowance for credit losses	(2,590)	(1,295)
	<b>3,587</b>	2,505
Refundable rental deposits (Note)	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	722	720
	<b>98,274</b>	124,032
Analysed as:		
Current assets	96,870	123,108
Non-current assets	1,404	924
	<b>98,274</b>	124,032

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

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.

	<b>At 30 September 2023 HK\$'000 (Unaudited)</b>	At 31 March 2023 HK\$'000 (Audited)
0 to 30 days	<b>39,678</b>	35,751
31 to 90 days	<b>24,799</b>	55,925
91 to 180 days	<b>9,013</b>	7,272
Above 180 days	<b>10,450</b>	6,378
	<b>83,940</b>	105,326
Less: Allowance for credit losses	<b>(631)</b>	(631)
	<b>83,309</b>	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.

Details of the impairment assessment are set out in note 14.





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 13. CONTRACT ASSETS

Contract assets represent the Group's rights to considerations from customers for the provision of E&M engineering services, which arise when: (i) the Group completed the relevant services under such contracts but yet certified by architects, surveyors or other representatives appointed by the customers; and (ii) the customers withhold certain certified amounts payable to the Group as retention money (i.e. retention receivables) to secure the due performance of the contracts.

The increase in contract assets from HK\$258,488,000 (Audited) (net of allowance for credit losses: HK\$1,695,000 (Audited)) as at 31 March 2023 to HK\$258,906,000 (Unaudited) (net of allowance for credit losses: HK\$1,695,000 (Unaudited)) as at 30 September 2023 was primarily due to (i) the increase in retention receivables as a result of increase in number of ongoing and completed contracts under the defects liability period during the period; and (ii) increase in the size of contract works that the relevant services were completed but has not yet been certified by architects, surveyors or other representatives appointed by the customers at the end of the reporting period.

The Group's contracts with customers normally require it to perform the obligation (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. 5% to 10% of each interim payment from the customers is usually withheld by the customers as retention receivables in which 50% of the retention receivable is released upon issuance of practical completion certificates, and the remaining 50% of the retention receivable is released upon expiry of the defects liability period set out in the relevant contracts. The carrying amounts of retention receivables included in contract assets are HK\$88,556,000 (Unaudited) (31 March 2023: HK\$81,492,000 (Audited)) (net of allowance for credit losses).

Details of the impairment assessment are set out in note 14.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 14. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Impairment losses recognised in respect of:		
– Other receivables	<b>1,295</b>	1,295

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2023.







## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 15. TRADE AND RETENTION PAYABLES AND ACCRUALS

	<b>At 30 September 2023 HK\$'000 (Unaudited)</b>	At 31 March 2023 HK\$'000 (Audited)
Trade payables	<b>42,540</b>	52,924
Retention payables	<b>13,381</b>	13,205
Amount due to a non-controlling interest of a subsidiary	<b>940</b>	–
Accruals	<b>13,531</b>	11,137
	<b>70,392</b>	77,266

Included in the Group's trade and retention payables as at 30 September 2023 are amounts due to related parties amounting to HK\$6,049,000 (Unaudited) (31 March 2023: HK\$4,556,000 (Audited)), in aggregate, which are trade nature, unsecured, interest-free and repayable according to the relevant agreements.

The credit period of trade payables granted by the Group's suppliers are normally within 60 days. The following is an aged analysis of trade payables of the Group, based on the invoice date at the end of each reporting period:

	<b>At 30 September 2023 HK\$'000 (Unaudited)</b>	At 31 March 2023 HK\$'000 (Audited)
0 to 30 days	<b>31,982</b>	45,242
31 to 90 days	<b>10,412</b>	7,682
91 to 180 days	<b>130</b>	–
181 to 365 days	<b>16</b>	–
	<b>42,540</b>	52,924

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 16. 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.

### 17. SHARE CAPITAL

	<i>Number of shares</i>	<i>HK\$'000</i>
<b>Authorised ordinary shares with par value of HK\$0.01 each:</b>		
At 1 April 2022, 30 September 2022, 1 April 2023 and 30 September 2023	10,000,000,000	100,000
<b>Ordinary shares, issued and fully paid:</b>		
At 1 April 2022, 30 September 2022, 1 April 2023 and 30 September 2023	800,000,000	8,000



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 18. PERFORMANCE GUARANTEES

As at 30 September 2023, performance bonds of HK\$94,020,000 (Unaudited) (31 March 2023: HK\$79,942,000 (Audited)) 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. If the Group fails to provide satisfactory performance to its customers to whom performance guarantees have been given, such customers may demand the banks to pay to them the sum or sum stipulated in such demand. The Group will become liable to compensate such banks accordingly. The performance guarantees will be released upon completion of the E&M engineering services.

Included in the performance bonds as at 30 September 2023 were HK\$4,735,000 (Unaudited) (31 March 2023: HK\$12,323,000 (Audited)), 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 (31 March 2023: three car park spaces, an office premise and corporate guarantee given by the Company).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 19. RELATED PARTIES TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with its related parties during the reporting period:

#### (a) The Group had the following transactions with related parties

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Subcontracting charges paid to Shun Tat Air Conditioning Engineering Company, a company controlled by a grandson of the uncle of Dr. Ko	1,096	1,365
Subcontracting charges and information technology maintenance service fees paid to Yuk Shing Advertising & Decoration Engineering Co., a company controlled by a brother of Dr. Ko	93	357
Purchases of construction materials from Mibuka Denki Electrical Controls Limited, a company controlled by Dr. Ko	139	74
Purchases of construction materials and others from Chit Shing Air Conditioning Trading Limited, a company controlled by a grandson of the uncle of Dr. Ko	16,366	13,224
Staff costs paid to employees who are son of Dr. Ko and Ms. Cheung, a nephew and a niece of Dr. Ko and brothers, a brother-in-law, a nephew and nieces of Ms. Cheung (2022: a nephew and a niece of Dr. Ko and brothers, a brother-in-law, a nephew and nieces of Ms. Cheung)	1,713	1,475
Amounts paid to Shing Chak Development Limited, a company wholly-owned by Dr. Ko		
– Interest expenses on lease liabilities	–	15
– Lease liabilities	–	329
Amounts paid to Milan Development Limited, a company wholly-owned by Ms. Cheung (Note 1)		
– Interest expenses on lease liabilities	1	8
– Lease liabilities	14	175
Amounts paid to Dr. Ko (Note 2)		
– Interest expenses on lease liabilities	13	2
– Lease liabilities	120	132
Amounts paid to Ms. Cheung (Note 3)		
– Interest expenses on lease liabilities	6	1
– Lease liabilities	54	59



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 19. RELATED PARTIES TRANSACTIONS *(Continued)*

#### (a) **The Group had the following transactions with related parties** *(Continued)*

Notes:

- (1) As at 30 September 2023, the carrying amount of the relevant right-of-use assets was HK\$335,000 (Unaudited) (31 March 2023: nil (Audited)) and the carrying amount of the lease liabilities was HK\$335,000 (Unaudited) (31 March 2023: nil (Audited)).
- (2) As at 30 September 2023, the carrying amount of the relevant right-of-use assets was HK\$819,000 (Unaudited) (31 March 2023: HK\$945,000 (Audited)) and the carrying amount of the lease liabilities was HK\$828,000 (Unaudited) (31 March 2023: HK\$949,000 (Audited)).
- (3) As at 30 September 2023, the carrying amount of the relevant right-of-use assets was HK\$364,000 (Unaudited) (31 March 2023: HK\$420,000 (Audited)) and the carrying amount of the lease liabilities was HK\$368,000 (Unaudited) (31 March 2023: HK\$422,000 (Audited)).

The above transactions were conducted in accordance with the terms of the relevant agreements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 19. RELATED PARTIES TRANSACTIONS *(Continued)*

#### (b) Compensation of key management personnel

The remuneration of key management personnel of the Group is as follows:

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Short-term employee benefits	<b>2,830</b>	2,736
Post-employment benefits	<b>36</b>	36
Share-based payments expense	<b>12</b>	–
	<b>2,878</b>	2,772

- (c) As at 30 September 2023, the Group was granted certain bank facilities which were secured by personal guarantees of Dr. Ko and Ms. Cheung (31 March 2023: personal guarantees of Dr. Ko and Ms. Cheung) at nil consideration.





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 20. FAIR VALUE OF FINANCIAL INSTRUMENTS

#### Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The Group's financial asset at FVTPL is measured at fair value at the end of each reporting period. The following table gives information about how the fair value of the financial asset is determined (in particular, the valuation technique and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

For valuation technique using discounted cash flows, the discount rate used take into consideration the credit risk of the relevant counterparties of the contracts or the Group, as appropriate.

Financial assets	Fair value as at		Fair value hierarchy	Valuation(s) technique and key input(s)
	30 September 2023	31 March 2023		
Project loan	<b>Assets – HK\$5,000,000</b>	Assets – HK\$5,000,000	Level 3	Valuation techniques: Discounted cash flow  Key inputs: Forward interest rates, contracted interest rates and discount rate.

There is no transfer amongst level 1, 2 and 3 during the period.

Reconciliation of Level 3 fair value measurements:

	<b>Financial asset at FVTPL</b> <i>HK\$'000</i>
At 1 April 2023 and 30 September 2023	<u>5,000</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 20. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

#### Fair value measurement of financial instruments that are not measured at fair value on a recurring basis

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

### 21. SHARE-BASED PAYMENTS

The Company's share option scheme (the "2023 Share Award Scheme") was adopted pursuant to a resolution passed on 15 September 2023 for the primary purpose of providing incentives, retaining and rewarding the eligible employees. The 2023 Share Award Scheme is valid and effective for a period of 10 years commencing from 15 September 2023. There is no performance target attached to the awarded shares and vesting will take place on 31 March of each year beginning in 2024 and ending in 2033 and shall be vested in 10 equal tranches.

The table below discloses movement of the 2023 Share Award Scheme:

	<b>Number of shares</b>
Outstanding at 1 April 2023	–
Granted during the period	<u>10,827,000</u>
Outstanding at 30 September 2023	<u>10,827,000</u>

The closing price of the Company's shares on the date of grant is HK\$1.05 per share.

Out of the aggregate 10,827,000 awarded shares, 2,022,000 awarded shares are granted to five employees who are also the connected persons of Group.

Amounts of share-based payment expenses of HK\$114,000 for share awards of the Company have been recognised in the profit or loss during the six months ended 30 September 2023.







## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 22. CAPITAL COMMITMENT

	<b>At 30 September 2023 HK\$'000 (Unaudited)</b>	At 31 March 2023 HK\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<b>353</b>	12,353