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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF A PROPERTY HOLDING COMPANY

THE PROVISIONAL SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 18 June 2022 (after trading hours), the Purchaser (being a direct wholly-owned subsidiary of the Company) entered into the Provisional Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser agreed to acquire, and the Vendor agreed to sell, the Target Interest at the Consideration of HK\$61,828,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 5% but are less than 25% under Chapter 14 of the Listing Rules, the Acquisition constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

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The principal terms of the Provisional Sale and Purchase Agreement are as follows:

THE PROVISIONAL SALE AND PURCHASE AGREEMENT

Date

18 June 2022

Parties

- (1) the Purchaser; and
- (2) the Vendor.

Target Interest

Pursuant to the Provisional Sale and Purchase Agreement, the Purchaser will acquire from the Vendor the Target Interest, being the entire issued share capital of the Target Company and the rights to all sums owing by the Target Company to the Vendor as at Completion at the Consideration.

The Target Company currently holds the Properties located at TML Tower which comprise:

- (i) the Workshop;
- (ii) the Car Parking Space; and
- (iii) the Heavy Goods Vehicle Parking Space.

The Properties are the only assets of the Target Company.

Consideration

The Consideration is HK\$61,828,000 and shall be payable by the Purchaser to the Vendor in the following manner:

- (a) an initial deposit of HK\$3,100,000 has been paid by the Purchaser to the Vendor upon signing of the Provisional Sale and Purchase Agreement;
- (b) a further deposit of HK\$3,082,800 shall be payable by the Purchaser to the Vendor on or before 5 July 2022; and
- (c) the balance of the Consideration of HK\$55,645,200 shall be payable by the Purchaser to the Vendor on Completion.

The Consideration was determined after arm's length negotiations between the Parties with reference to (i) the prevailing market prices of properties of similar nature and size available in the localities; and (ii) the current Hong Kong property market conditions. The Consideration will be funded by the Group's internal resources.

Conditions Precedent

Completion is conditional upon the following:

1. the Purchaser having completed its due diligence investigation on the business, financial, legal and all other aspects of the Target Company and satisfied with the results thereof;
2. the Vendor, shall at its own cost, procure the Target Company to prove and give a good title to the Properties in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong); and
3. all the representations, undertakings and warranties given by the Vendor under the Provisional Sale and Purchase Agreement and the Formal Agreement are and shall remain true, accurate, correct and complete and not misleading in all respects up to the Completion.

If any of the foregoing conditions is not fulfilled (or waived by the Purchaser) on or before the Completion Date, the Purchaser shall be entitled to cancel the transaction under the Provisional Sale and Purchase Agreement whereupon the Vendor shall return all the deposit paid to the Purchaser forthwith.

Completion

Subject to the terms of the Provisional Sale and Purchase Agreement, the Vendor and the Purchaser will enter into the Formal Agreement on or before 5 July 2022.

Subject to fulfilment (or waiver) of the aforementioned conditions precedent, it is expected that the Completion will take place on 31 August 2022.

Existing Tenancies

The Workshop is currently leased to an Independent Third Party under two tenancy agreements ("**Tenancy Agreement A**" and "**Tenancy Agreement B**"). The monthly rent under Tenancy Agreement A is HK\$29,000 and the term will end on 14 June 2023. The monthly rent under Tenancy Agreement B is HK\$128,000 and the term will end on 16 June 2023.

The Car Parking Space is currently leased to an Independent Third Party at a monthly rent of HK\$4,200, the term of which will end on 17 July 2023.

The Heavy Goods Vehicle Parking Space is currently leased to an Independent Third Party at a monthly rent of HK\$13,000, the term of which will end on 15 September 2023.

INFORMATION ON THE GROUP AND THE PURCHASER

The Group is principally engaged in the supply, installation and maintenance of mechanical ventilation and air-conditioning systems in Hong Kong.

The Purchaser is a direct wholly-owned subsidiary of the Company and its principal business activity is investment holding.

INFORMATION ON THE VENDOR

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor is an Independent Third Party.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated with limited liability in Hong Kong and is a property investment company. The Properties are the Target Company's only assets. The Target Company's financial year ends on 31 March.

The audited accounts of the Target Company for the financial year immediately preceding the date of the Provisional Sale and Purchase Agreement have not been prepared. The financial information based on the audited financial statements of the Target Company for the year ended 31 March 2021 and the unaudited financial statements of the Target Company for the year ended 31 March 2022 is as follows:

	For the year ended 31 March	
	2022	2021
	HK\$	HK\$
	(unaudited)	(audited)
Net profit/(loss) before taxation	475,000	498,640
Net profit/(loss) after taxation	475,000	498,640

According to the unaudited financial information of the Target Company, the unaudited amount of net assets of the Target Company as at 31 March 2022 was approximately HK\$22,463,800.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the operating result of the Target Company will be consolidated in the financial statements of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed above, the Group is principally engaged in the supply, installation and maintenance of mechanical ventilation and air-conditioning systems in Hong Kong. It is intended that the Properties will be used by the Group for its business operation to save future rental expenses.

The Directors consider that the terms of the Provisional Sale and Purchase Agreement on normal commercial terms and are fair and reasonable and the entering into of the Provisional Sale and Purchase Agreement and the transactions contemplated thereby is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 5% but are less than 25% for the purpose of Chapter 14 of the Listing Rules, the Acquisition constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Acquisition”	the acquisition of the Target Interest
“Board”	the board of Directors
“Car Parking Space”	a car parking space located at P91 on 3rd Floor at TML Tower
“Company”	Accel Group Holdings Limited (高陞集團控股有限公司) a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1283)
“Completion”	the completion of the Acquisition in accordance with the terms of the Provisional Sale and Purchase Agreement and the Formal Agreement
“Completion Date”	31 August 2022
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	an aggregate consideration of HK\$61,828,000 payable by the Purchaser to the Vendor pursuant for the Acquisition

“Directors”	the director(s) of the Company
“Formal Agreement”	the formal sale and purchase agreement to be entered into between the Parties on or before 5 July 2022 in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Heavy Goods Vehicle Parking Space”	a heavy vehicle parking space located at No. HGV13 on 1st Floor of TML Tower
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the Vendor and the Purchaser, being the parties to the Provisional Sale and Purchase Agreement
“Properties”	the properties located at TML Tower comprising: <ul style="list-style-type: none"> (i) the Workshop; (ii) the Car Parking Space; and (iii) the Heavy Goods Vehicle Parking Space.
“Provisional Sale and Purchase Agreement”	the provisional agreement for sale and purchase dated 18 June 2022 entered into between the Parties in relation to the Acquisition
“Purchaser”	Ascend Group Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Best Investment Development Limited, a company incorporated in Hong Kong with limited liability
“Target Interest”	the entire issued share capital of the Target Company and the rights to all sums owing by the Target Company to the Vendor as at Completion
“TML Tower”	TML Tower, No. 3 Hoi Shing Road, Tsuen Wan, New Territories
“Vendor”	Yip Ping Hau, an Independent Third Party and the sole shareholder of the Target Company
“Workshop”	a unit located at Workshop A on 19th Floor at TML Tower
“%”	per cent

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

Hong Kong, 18 June 2022

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.