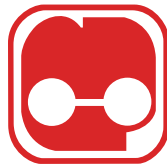


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佳寧娜集團控股有限公司

CARRIANNA GROUP HOLDINGS COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00126)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
ACQUISITION OF PROPERTY**

The Board is pleased to announce that on 29 May 2020 (after trading hours), the Purchaser entered into the Pre-Sale Agreement as purchaser with the Vendor as vendor, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Property at the consideration of RMB41,150,001 (equivalent to approximately HK\$44,474,921).

As one of the applicable percentage ratios is greater than 5% but less than 25% for the purpose of Rule 14.07 of the Listing Rules, the transaction contemplated under the Pre-Sale Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

The Board is pleased to announce that on 29 May 2020 (after trading hours), the Purchaser entered into the Pre-Sale Agreement as purchaser with the Vendor as vendor, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Property at the Consideration.

PRE-SALE AGREEMENT

The principal terms of the Pre-Sale Agreement are set out below:

Date

29 May 2020

Parties

(1) The Purchaser; and

(2) The Vendor.

Shenzhen Jiayizhan Trading Company Limited* (深圳市佳意棧貿易有限公司), a company established under the laws of the PRC, is the Purchaser. The Purchaser is principally engaged in the wholesale of vegetables, fruits, water produce, labour protective equipment, sports equipment and pre-packed food in the PRC. The Purchaser is an indirect wholly-owned subsidiary of the Company.

The Company is principally engaged in investment holding. The Group is principally engaged in investment holding, property investment and development, and the operations of hotel, restaurant and food businesses.

Yunan Longyu Property Development Company Limited* (雲南龍宇房地產開發有限公司), a company established under the laws of the PRC, is the Vendor. The Vendor is principally engaged in property development and related business in the PRC.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties and are not connected persons of the Company under the Listing Rules.

Property

The Property comprises all the Commercial Units numbered 8-S113, 8-S212, 8-S301 and 8-S401 of the 4-storey Building, and ten Parking Spaces at basement level 1 of the Building to be constructed on the Land, which is situated at Fifth Avenue, Runcheng, Kunming, Yunan Province, PRC* (中國雲南省昆明市潤城第五大道) .

The Vendor has obtained the land use right in respect of the Land.

The Purchaser shall also have the right to use the rooftop of the Building.

At the Delivery Date, the Vendor shall deliver to the Purchaser one extra car parking space at nil consideration (for the same usage period as the Parking Spaces) and execute a Parking Space Free Use Agreement* (車位無償使用協議) with the Purchaser regarding the extra car parking space. The Vendor also agrees to provide five car parking spaces for the use of the Purchaser or its clients free of charge for two years.

Consideration and Payment Terms

The Consideration for the Acquisition is RMB41,150,001 (equivalent to approximately HK\$44,474,921). RMB40,000,001 out of the Consideration is apportioned to the Commercial Units, and the remaining balance, being RMB1,150,000 is apportioned to the Parking Spaces. The Consideration for the Commercial Units is based on the expected aggregate gross floor area of the Commercial Units of 2036.47 sq. m. and an agreed price per sq. m. for each of the Commercial Units. The Consideration for the Commercial Units will be subject to adjustment when the construction of the Building is completed and the actual gross floor area is ascertained, details of which is set out in the paragraph headed “Adjustment to Consideration” below.

The Consideration shall be paid by instalments as follows:

- (1) the Initial Deposit for the Acquisition of RMB1,000,000 is payable by the Purchaser within 5 business days after execution of the Pre-Sale Agreement;
- (2) the First Instalment of RMB19,570,000 is payable by the Purchaser within 10 business days after execution of the Pre-Sale Agreement, upon which the Commodity House Sales Agreement will be executed; and
- (3) the final payment of RMB20,580,001 is payable by the Purchaser within 10 business days before the Delivery Date.

The Consideration does not take into account any tax payable by the Parties. Each Party shall bear its own relevant taxes pursuant to applicable laws. Further, the Purchaser shall be responsible for payment of the maintenance funds in respect of the Property to the relevant governmental authorities.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms and with reference to the prevailing property market prices. The Group will settle the Consideration by its own funds or its internal resources.

Default Liabilities

Purchaser's failure to make payment

If the Purchaser fails to make any payment in accordance with the abovementioned schedule, in respect of the first ten days of such failure, the Vendor shall not take any action against the Purchaser for such late payment. If the Purchaser fails to make any payment in accordance with the abovementioned schedule, in respect of such failure from the 11th day up to the 40th day, the Purchaser shall pay damages at a daily interest rate of 0.02% on the unpaid sum for each day of late payment from the 11th day up to the date of actual payment, whilst the Pre-Sale Agreement and the Commodity House Sales Agreement shall remain effective and binding. If the delay in payment exceeds 40 days after the due date, the Vendor shall have the right but not under any obligation to choose whether to terminate or continue to perform the Pre-Sale Agreement and the Commodity House Sales Agreement. If the Vendor chooses to terminate the Pre-Sale Agreement and the Commodity House Sales Agreement, the Purchaser shall pay damages equivalent to 10% of the Consideration. On the other hand if the Vendor chooses to continue to perform the Pre-Sale Agreement and the Commodity House Sales Agreement, the Purchaser shall not be required to pay the damages equivalent to 10% of the Consideration, but the Purchaser shall pay damages at a daily rate of 0.02% on the unpaid sum for each day of late payment from the 11th day up to the date of actual payment.

Vendor's failure to deliver Property

If the Vendor fails to deliver the Property (or any part thereof) by the Delivery Date, in respect of the first ten days of such failure, the Purchaser shall not take any action against the Vendor for such late delivery. If the Vendor fails to deliver the Property (or any part thereof) by the Delivery Date, in respect of such failure from the 11th day onwards, the Vendor shall pay damages to the Purchaser at the daily rate of 0.02% for each day of late delivery of the Property (or any part thereof) from the 11th day up to the date of actual delivery based on the consideration already paid by the Purchaser for such Property (or part thereof), subject to a maximum amount of not exceeding the sum equivalent to 10% of the Consideration. If the delay in delivery of the Property (or any part thereof) continues for more than 360 days, the Purchaser shall have the right to terminate the Pre-Sale Agreement and the Commodity House Sales Agreement and the Vendor shall pay damages equivalent to 10% of the Consideration.

Vendor's failure to enter into the Commodity House Sales Agreement

If the Vendor fails to enter into the Commodity House Sales Agreement according to the terms of the Pre-Sale Agreement, and the Purchaser has paid the Initial Deposit but not the First Instalment, the Purchaser shall have the right but not under any obligation to choose whether to terminate or continue to perform the Pre-Sale Agreement. If the Purchaser chooses to terminate the Pre-Sale Agreement, the Vendor shall pay to the Purchaser damages equivalent to two times the Initial Deposit. On the other hand if the Purchaser chooses to continue to perform the Pre-Sale Agreement, the Purchaser shall grant the Vendor a grace period of 15 days, but the Vendor shall pay to the Purchaser damages equivalent to two times the Initial Deposit if the Vendor fails to enter into the Commodity House Sales Agreement within the grace period. If the Vendor fails to enter into the Commodity House Sales Agreement according to the terms of the Pre-Sale Agreement, and the Purchaser has paid the Initial Deposit and the First Instalment, the Purchaser shall have the right but not under any obligation to choose whether to terminate or continue to perform the Pre-Sale Agreement. If the Purchaser chooses to terminate the Pre-Sale Agreement, the Vendor shall pay to the Purchaser damages equivalent to two times the Initial Deposit. On the other hand if the Purchaser chooses to continue to perform the Pre-Sale Agreement, the Purchaser shall grant the Vendor a grace period of ten days, but the Vendor shall pay to Purchaser damages equivalent to two times the Initial Deposit if the Vendor fails to enter into the Commodity House Sales Agreement within the grace period, and shall pay to the Purchaser extra damages at a daily rate of 0.02% on all paid sums made by the Purchaser from the date of default.

Purchaser's failure to enter into the Commodity House Sales Agreement

If the Purchaser fails to enter into the Commodity House Sales Agreement according to the terms of the Pre-Sale Agreement, and the Purchaser has paid the Initial Deposit but not the First Instalment, the Vendor shall have the right but not under any obligation to choose whether to terminate or continue to perform the Pre-Sale Agreement. If the Vendor chooses to terminate the Pre-Sale Agreement, the Vendor shall retain the Initial Deposit. On the other hand if the Vendor chooses to continue to perform the Pre-Sale Agreement, the Vendor shall grant the Purchaser a grace period of 15 days, but the Vendor shall retain the Initial Deposit if the Purchaser fails to enter into the Commodity House Sales Agreement within the grace period. If the Purchaser fails to enter into the Commodity House Sales Agreement according to the terms of the Pre-Sale Agreement, and the Purchaser has paid the Initial Deposit and the First Instalment, the Vendor shall have the right but not under any obligation to choose whether to terminate or continue to perform the Pre-Sale Agreement. If the Vendor chooses to terminate the Pre-Sale Agreement, the Vendor shall retain the Initial Deposit. On the other hand if the Vendor chooses to continue to perform the Pre-Sale Agreement, the Vendor shall grant the Purchaser a grace period of ten days, but the Vendor shall retain the Initial Deposit if the Purchaser fails to enter into the Commodity House Sales Agreement within the grace period, and shall pay to the Vendor extra damages at a daily rate of 0.02% on all paid sums made by the Purchaser from the date of default.

If the liquidated damages payable by the defaulting Party as described in the section above is insufficient to compensate for the actual loss suffered by the other Party, the defaulting Party shall remain liable to the other Party for the shortfall.

Adjustment to Consideration

As the Consideration for the Acquisition is calculated based on the expected gross floor of the Commercial Units, upon completion of the Building, the Parties shall adjust the Consideration for the Commercial Units based on the actual gross floor area of the Commercial Units. If the actual gross floor area of the Commercial Units is smaller than the expected gross floor area, the Vendor shall refund the excess consideration paid to the Purchaser. Alternatively if the actual gross floor area of the Commercial Units is larger than the expected gross floor area, the Purchaser shall pay the difference in consideration calculated based on the consideration per sq. m. multiplied by the difference between the actual floor area and gross floor area. The payment of additional consideration or refund of excess consideration shall be made within 30 days of issue of the survey report of the Building. The adjustment in Consideration only applies to the difference in gross floor area of the Commercial Units.

Neither Party shall be entitled to terminate the Pre-Sale Agreement or Commodity House Sales Agreement for the Property regardless of the significance in deviation of the actual gross floor area from the expected gross floor area of the Commercial Units.

Delivery of the Property

Pursuant to the Pre-Sale Agreement, the Vendor shall deliver the Property to the Purchaser on or before 30 July 2021.

The Vendor agrees that, where the Purchaser entrusts the Vendor to obtain the immovable property ownership certificate (不動產權證) for the Property on behalf of the Purchaser, the Vendor shall submit all relevant documents and information to the relevant government authority within 30 days after the Purchaser has provided all necessary documents and information to the Vendor. The Parties agree that there shall be one immovable property ownership certificate for each of the four floors of the Building, and one immovable property ownership certificate for each Parking Space.

Property Management

The Parties acknowledge that the Vendor will engage Kunming Yihe Property Service Limited* (昆明怡和服務有限公司) as the property management company to manage the Commercial Units. Management fees for the management of the public areas shall be no more than RMB10 per sq. m. per month.

Upon being notified of the exact date of use of the Parking Spaces, the Purchaser shall be responsible for the service charges in respect of the Parking Spaces at RMB100 per car parking space per month.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE PRE-SALE AGREEMENT

The Group is principally engaged in investment holding, property investment and development, and the operations of hotel, restaurant and food businesses.

The Group is committed to finding suitable property for development, investment or self-use and expanding its property business in the PRC. The Group intends to hold the Property for self-use by the Group's business operations in Kunming after completion of the Acquisition. Considering the prime location of the Property being within the newly developed Xishan district and the dense residential development in the proximity, the Directors consider the Acquisition an appealing investment opportunity for the Group. It is expected that the Acquisition will broaden the property portfolio of the Group and will also allow the Group to capture its future capital appreciation.

Based on the foregoing, the Directors (including the independent non-executive Directors) are of the view that the terms of the Pre-Sale Agreement are on normal commercial terms, which are fair and reasonable and are in the best interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios is greater than 5% but less than 25% for the purpose of Rule 14.07 of the Listing Rules, the transaction contemplated under the Pre-Sale Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Property
“Board”	the board of Directors of the Company
“Building”	the eighth commercial block to be constructed on the Land
“Commercial Units”	commercial units of the Building numbered 8-S113, 8-S212, 8-S301 and 8-S401
“Commodity House Sales Agreement”	the commodity house sales agreement (商品房買賣合同) to be entered into between the Vendor as vendor and Purchaser as purchaser within 10 business days after execution of the Pre-Sale Agreement in relation to the Acquisition
“Company”	Carrianna Group Holdings Company Limited (佳寧娜集團控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock code: 00126)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB41,150,001 (equivalent to approximately HK\$44,474,921) being the total consideration payable by the Purchaser to the Vendor in respect of the Acquisition
“Delivery Date”	the date on which the Vendor delivers the Property to the Purchaser pursuant to the Pre-Sale Agreement, which shall be a date on or before 30 July 2021
“Director(s)”	the directors of the Company

“First Instalment”	the first instalment of the Consideration RMB19,570,000 payable by the Purchaser within 10 business days after execution of the Pre-Sale Agreement
“Group”	the Company and its subsidiaries
“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) who/which is/are independent of, and not connected with, the Company and its connected persons
“Initial Deposit”	the initial deposit in the amount of RMB1,000,000 payable by the Purchaser for the Acquisition within 5 business days after execution of the Pre-Sale Agreement, which will settle part of the Consideration
“Land”	a piece of land situated at the Fifth Avenue, Runcheng, Kunming, Yunan Province, PRC* (中國雲南省昆明市潤城第五大道)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parking Spaces”	ten car parking spaces at basement level 1 of the Building and each a “Parking Space”
“Party(ies)”	party(ies) to the Pre-Sale Agreement
“PRC”	the People’s Republic of China
“Pre-Sale Agreement”	the property pre-sale agreement (物業預約買賣協議) dated 29 May 2020 and entered into by the Purchaser (as purchaser) and the Vendor (as vendor) in relation to the Acquisition

“Property”	the Commercial Units and the Parking Spaces
“Purchaser”	Shenzhen Jiayizhan Trading Company Limited* (深圳市佳意棧貿易有限公司), a company established under the laws of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square metres
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Vendor”	Yunan Longyu Property Development Company Limited* (雲南龍宇房地產開發有限公司), a company established under the laws of the PRC
“%”	per cent

For and on behalf of the Board
Carrianna Group Holdings Company Limited
Dr. Ma Kai Yum
Chairman

Hong Kong, 29 May 2020

* *For identification purposes only*

As at the date of this announcement, the Board comprises Dr. Ma Kai Cheung (Honorary Chairman and non-executive Director); Dr. Ma Kai Yum (Chairman), Mr. Ma Hung Ming, John, Mr. Leung Pak Yan and Mr. Chan Francis Ping Kuen as executive Directors; and Mr. Lo Ming Chi, Charles, Mr. Lo Man Kit, Sam and Mr. Wong See King as independent non-executive Directors.