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*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2223)**

**DISCLOSEABLE TRANSACTION  
CONSTRUCTION AGREEMENT IN RELATION TO  
SHOWROOM DECORATION FOR PHASE II OF  
CASABLANCA INDUSTRIAL PARK IN HUIZHOU**

**CONSTRUCTION AGREEMENT**

The Board is pleased to announce that on 1 September 2022, Casablanca Huizhou entered into the Construction Agreement with Guangdong Xinkun, pursuant to which Guangdong Xinkun shall provide to Casablanca Huizhou, construction services in relation to the Showroom Decoration for phase II of the Casablanca Industrial Park at a total consideration of RMB4,800,000 (equivalent to approximately HK\$5,458,000).

**LISTING RULES IMPLICATIONS**

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

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A summary of the principal terms of the Construction Agreement is set out as follows:

- Date: 1 September 2022
- Parties: (i) Casablanca Huizhou
- (ii) Guangdong Xinkun, as the contractor
- Subject matter: Casablanca Huizhou conditionally agreed to engage Guangdong Xinkun for the provision of, and Guangdong Xinkun conditionally agreed to provide to Casablanca Huizhou, construction services (including, among other things, labour, materials and civil engineering for laying the foundation, decorating the floor, ceiling and walls, and installing electricity and water facilities) in relation to the Showroom Decoration for phase II of the Casablanca Industrial Park.
- Terms of interior decoration works: The Showroom Decoration is expected to commence on 1 September 2022 and complete by 15 December 2022 (subject to the satisfaction of Casablanca Huizhou). The Project Manager will supervise the progress and the completion of all interior decoration works, including the Showroom Decoration, for phase II of the Casablanca Industrial Park.
- Consideration and payment terms: The total consideration for the Showroom Decoration shall be RMB4,800,000 (equivalent to approximately HK\$5,458,000) and shall be payable in cash by Casablanca Huizhou to Guangdong Xinkun in the manner set out as follows:
- (i) 10% of the total consideration shall be within five (5) working days after the commencement of the Showroom Decoration;
  - (ii) up to 80% (taking into account the amount already paid under (i) above) of the total consideration to be paid each month in proportion to the progress of the Showroom Decoration as reported by Guangdong Xinkun and approved by Casablanca Huizhou;
  - (iii) up to 90% (taking into account the amounts already paid under (i) and (ii) above) of the total consideration shall be paid within seven (7) working days after the Showroom Decoration is completed;

- (iv) up to 97% (taking into account the amounts already paid under (i) to (iii) above) of the total consideration shall be paid after the final completion of Showroom Decoration is confirmed by Casablanca Huizhou; and
- (v) the remaining 3% of the total consideration shall be paid within seven (7) working days after a period of one (1) year after the final completion of the Showroom Decoration being confirmed by Casablanca Huizhou.

The consideration for the Showroom Decoration under the Construction Agreement was determined after arm's length negotiation between Casablanca Huizhou and Guangdong Xinkun and on normal commercial terms with reference to the market price for the Showroom Decoration through a price comparison process amongst quotations provided by potential contractors for the Showroom Decoration.

The consideration for the Showroom Decoration under the Construction Agreement will be financed by internal resources of the Group and any other means as the Group considers appropriate.

## **INFORMATION ON THE PARTIES**

The Group primarily engages in designing, manufacturing, distribution and retailing of bedding products with a focus on the high-end and premium markets under its proprietary "Casa Calvin", "Casablanca" and "CASA-V" brands.

Casablanca Huizhou's principal business is manufacturing of bedding products for the Group.

Guangdong Xinkun's principal business is to provide construction and interior decoration services. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Guangdong Xinkun and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

## **REASONS FOR AND BENEFITS OF THE SHOWROOM DECORATION**

As part of business development planning of the Group, the construction of the new production building B under phase II of the Casablanca Industrial Park with four floors and a total construction area of 25,255.09 square metres was completed in April 2022. To cope with the business development, the interior designs of the new production building B have been modified

into a complex comprising research and development centre, office, conference rooms, training rooms, showroom, livestream centres, and catering facilities. The Showroom Decoration will enhance the Group's capacities of product display and intensify the Group's image as one of leading branded bedding products companies in the PRC and Hong Kong.

The Directors consider that the consideration and the terms of the Construction Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

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## **DEFINITIONS**

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

|                              |   |
|------------------------------|---|
| “Board”                      | the board of Directors  |
| “Casablanca Huizhou”         | 卡撒天嬌家居(惠州)有限公司 (Casablanca Home (Huizhou) Co., Ltd.*), a wholly foreign owned enterprise established in the PRC and an indirect wholly owned subsidiary of the Company    |
| “Casablanca Industrial Park” | the land owned by Casablanca Huizhou located at Dongjiang Hi-Tech Industrial Zone, Zhong Kai Hi-Tech District, Huizhou, Guangdong Province, PRC* (中國廣東省惠州市仲愷高新區東江高新科技產業園) |
| “Company”                    | Casablanca Group Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange          |
| “connected person(s)”        | has the meanings as ascribed to it under the Listing Rules  |

|                          |   |
|--------------------------|---|
| “Construction Agreement” | the construction agreement dated 1 September 2022 and entered into between Casablanca Huizhou and Guangdong Xinkun in relation to the Showroom Decoration   |
| “Director(s)”            | the director(s) of the Company  |
| “Group”                  | the Company and its subsidiaries  |
| “Guangdong Xinkun”       | 廣東鑫坤建築工程有限公司 (Guangdong Xinkun Construction Engineering Co., Ltd.*), a company established in the PRC with limited liability  |
| “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   |
| “Listing Rules”          | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “percentage ratios”      | the percentage ratios calculated based on the requirements under Rule 14.07 of the Listing Rules  |
| “PRC”                    | the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan   |
| “Project Manager”        | 宇信通項目管理(深圳)有限公司 (Yu Xin Tong Project Management (Shenzhen) Co. Ltd.*), appointed as the independent project manager to supervise the construction of phase II of Casablanca Industrial Park, and further appointed by Casablanca Huizhou as the independent project manager to supervise all interior decoration works, including the Showroom Decoration, for phase II of the Casablanca Industrial Park |
| “RMB”                    | Renminbi, the lawful currency of the PRC  |
| “Share(s)”               | ordinary share(s) of HK\$0.10 each in the issued share capital of the Company   |

|                       |   |
|-----------------------|---|
| “Shareholder(s)”      | holder(s) of the Shares   |
| “Showroom Decoration” | the interior decoration works in respect of the showroom of phase II of Casablanca Industrial Park under the Construction Agreement |
| “Stock Exchange”      | The Stock Exchange of Hong Kong Limited   |

*\* for identification purpose only*

*For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1=HK\$1.137 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate or at all.*

By Order of the Board  
**Casablanca Group Limited**  
**Cheng Sze Kin**  
*Chairman*

Hong Kong, 1 September 2022

*As at the date of this announcement, the Board comprises Mr. Cheng Sze Kin (Chairman), Mr. Cheng Sze Tsan (Vice-chairman) and Ms. Wong Pik Hung as Executive Directors, and Mr. Lo Siu Leung, Dr. Cheung Wah Keung and Mr. Chow On Wa as Independent Non-executive Directors.*