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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2223)

**EXTENSION OF COMPLETION AND ADJUSTED CONSIDERATION OF
CONSTRUCTION AGREEMENT
FOR PHASE II OF CASABLANCA INDUSTRIAL PARK IN HUIZHOU**

Reference is made to (i) the announcements of Casablanca Group Limited (the “**Company**”) dated 30 October 2020 and 16 April 2021 (the “**Announcements**”); and (ii) the circular of the Company dated 15 December 2020 (the “**Circular**”) in relation to, among others, the Construction Agreement and the Supplemental Construction Agreement between Casablanca Huizhou and Huizhou Dongjiang for the Construction of phase II of the Casablanca Industrial Park for the Adjusted Consideration of RMB48,580,395 (equivalent to approximately HK\$59,608,000). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcements and the Circular.

EXTENSION OF COMPLETION OF CONSTRUCTION AGREEMENT

Pursuant to the terms of the Construction Agreement, the Construction was expected to complete within 365 days after the commencement date of the Construction, being on 18 December 2020, subject to the satisfaction of the relevant governmental authorities and Casablanca Huizhou. The Construction had been substantially completed in mid-December 2021 and is under arrangements for inspections by the relevant governmental authorities. However, Casablanca Huizhou has been informed by Huizhou Dongjiang that the completion of the Construction is delayed due to, among others, the increased period of time required for preparing construction and fire-control schematic layouts, in relation to the alteration of design of the new factory building under the Supplemental Construction Agreement, for the purpose of fulfilling the requirements as to fire-control inspections. In view of the above-mentioned work to be carried out and 2022 Chinese New Year holidays of about one (1) month, Casablanca Huizhou and Huizhou Dongjiang have agreed on a revised completion schedule, pursuant to which the completion of the Construction shall be extended to not later than 30 April 2022.

ADJUSTED CONSIDERATION OF CONSTRUCTION AGREEMENT

Due to the risks associated with fluctuation of costs of raw materials for the Construction, Casablanca Huizhou and Huizhou Dongjiang agreed to the following price adjustment mechanism under the Construction Agreement:

- (a) the consideration of Construction is with reference to the material cost of 惠州工程造價信息 (Engineering Cost of Information of Huizhou*) (the “**Index**”) which is updated by 惠州市建設工程造價協會 (Huizhou Construction Engineering Cost Association*) every month;
- (b) no adjustment to the consideration of Construction will be made if the Index, as compared to the cost of corresponding raw material used in the tender, amounts to an increase or a decrease of not more than 5%; and
- (c) adjustment to the consideration of Construction will be made if the Index, as compared to the cost of corresponding raw material used in the tender, amounts to an increase or a decrease of more than 5% and the portion beyond such threshold will be adjusted accordingly.

Pursuant to the terms of the Construction Agreement, Huizhou Dongjiang notified Casablanca Huizhou that an upward adjustment of RMB3,291,697, including RMB2,505,039 and RMB786,658 in relation to adjustments according to above price adjustment mechanism and changes in raw materials used respectively, (equivalent to approximately HK\$4,039,000, the “**Upward Adjustment**”) would be made to the Adjusted Consideration. The new total consideration, as adjusted under the Construction Agreement and the Supplemental Construction Agreement, is RMB51,872,092 (equivalent to approximately HK\$63,647,000).

宇信通項目管理(深圳)有限公司 (Yu Xin Tong Project Management (Shenzhen) Co. Ltd.*), who is the independent project manager (the “**Project Manager**”) appointed by Casablanca Huizhou to supervise the Construction, has checked and confirmed that the calculation of the Upward Adjustment as informed by Huizhou Dongjiang was in accordance with and based on the price adjustment mechanism under the Construction Agreement and the Index.

In view of the agreed price adjustment mechanism under the Construction Agreement and the view of the Project Manager, Casablanca Huizhou has accepted the Upward Adjustment. The Board considers that the Upward Adjustment is made pursuant to and does not constitute a material variation to the original terms under the Construction Agreement (as supplemented by the Supplemental Construction Agreement).

The Upward Adjustment will be financed by the internal resources of the Group and any other means as the Group considers appropriate

** for identification purpose only*

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1=HK\$1.227 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, 18 January 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.