CASABLANCA® HOME

Casablanca Group Limited

卡撒天嬌集團有限公司

(Incorporated under laws of the Cayman Islands with limited liability)

(Stock Code: 2223)

POSITIVE PROFIT ALERT FOR THE YEAR ENDED 31 DECEMBER 2017

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2017, the Group is anticipated to record a significant increase in profit for the year ended 31 December 2017 as compared to that for the corresponding period in 2016. However, it is expected that the Group will record a substantial decrease in profit for the six months ended 31 December 2017 as compared to the significant profit recorded for the six months ended 30 June 2017.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Casablanca Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**").

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2017, the Group is anticipated to record a significant increase in profit for the year ended 31 December 2017 as compared to that for the corresponding period in 2016. However, it is expected that the Group will record a substantial decrease in profit for the six months ended 31 December 2017 as compared to the significant profit recorded for the six months ended 30 June 2017.

With reference to the announcement with heading "Positive Profit Alert" dated 4 July 2017 for the six months ended 30 June 2017 of the Company, the reasons for the significant increase in profit for the six months ended 30 June 2017, as compared to the profit for the corresponding period in 2016, were mainly attributable to (1) the decrease in selling and distribution costs, especially the royalty payments in the People's Republic of China (the "**PRC**") for a licensed brand terminated in 2016, the concessionaire commissions and related expenses for department store counters and the advertising and promotional expenses; (2) the decrease in staff cost with the PRC retail headquarters moved from Shenzhen to Huizhou in 2016 and none of expenses of share-based payments; (3) the absence of the provision for impairment loss on available-for-sale investment and convertible bond; and (4) the improvement in operations of subsidiaries in the PRC. In addition to these factors, the significant increase in profit for the year ended 31 December 2017 is also attributable to the increase in exchange gain as compared to the corresponding period in 2016.

The Company is still in the process of finalizing the annual results of the Group for the year ended 31 December 2017. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group for the year ended 31 December 2017 and other information currently available to the Group which have not been reviewed or audited by the auditors of the Company and may be subject to changes and adjustments. The actual financial results of the Group for the year ended 31 December 2017 may be different from what is disclosed in this announcement. The annual results announcement of the Company for the year ended 31 December 2017 is expected to be released in March 2018.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 24 January 2018

As as 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, Mr. Mok Tsan San as Non-executive Director and Mr. Zhang Senquan, Dr. Cheung Wah Keung and Mr. Chow On Wa as Independent Non-executive Directors.