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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)

PROFIT WARNING FOR THE YEAR ENDED 31 DECEMBER 2020

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 ten months ended 31 October 2020 and the management's estimate, the Group is anticipated to record decreases in sales of the Group by roughly around 20% and profit attributable to the Shareholders by roughly around 40% for the year ending 31 December 2020 as compared to those for the corresponding period in 2019. It is expected that the Group will record a profit for the six months ending 31 December 2020 as compared to the loss recorded for the six months ended 30 June 2020.

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 (as defined in the Listing Rules) 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 ten months ended 31 October 2020 and the management's estimate, the Group is anticipated to record decreases in sales of the Group by roughly around 20% and profit attributable to the Shareholders by roughly around 40% for the year ending 31 December 2020 as compared to those for the corresponding period in 2019. It is expected that the Group will record a profit for the six months ending 31 December 2020 as compared to the loss recorded for the six months ended 30 June 2020.

With reference to the interim results announcement for the six months ended 30 June 2020 of the Company dated 21 August 2020, the reasons for suffering loss for the six months ended 30 June 2020, compared to the profit-making position for the corresponding period in 2019, were mainly due to (a) the decline of sales, which, in turn, was attributable to: (i) the COVID-19 outbreak in Hong Kong and Mainland China since early 2020, imposing adverse impacts on the self-operated retail sales business, and (ii) the decline of wholesale business, despite the significant increase in e-sales resulted from the notable change in shopping habits of consumers, especially for those in Hong Kong, to e-commerce channels, and (b) increased provisions for impairment losses on right-of-use assets, inventories and trade and other receivables. The management of the Company considers that the decrease in profit attributable to the Shareholders by roughly around 40% for the year ending 31 December 2020 as compared to the corresponding period in 2019, even with subsidies received from governments of Hong Kong and Mainland China in relation to COVID-19, is expected to be also primarily attributable to these factors.

Based on the review of the unaudited consolidated management accounts of the Group for the ten months ended 31 October 2020 and the information currently available, a trend of increase in the Group's retail sales in Hong Kong with improvement of consumer sentiment from April to October 2020 is observed as compared to January to March 2020. However, the number of COVID-19 infected cases in Hong Kong has rapidly rebounded since mid-November 2020. The ongoing effect of COVID-19 during 2020 resulting in sluggish economy has adverse impacts on the Group's operations in Hong Kong as well as Mainland China for 2020. With not less than HK$180 million of cash and cash equivalent as of 31 October 2020, the liquidity of the Group remains very strong. The Group will closely monitor the market situation and the development of COVID-19 and will focus on closing some unprofitable self-operated points of sales in Mainland China and grasping all available retail sales, online sales and wholesales opportunities for the rest of this year to maximize the profitability of the Group.

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 ten months ended 31 October 2020 and information currently available to the Board, 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 ending 31 December 2020 may be different from what is disclosed in this announcement. Shareholders and potential investors are advised to read carefully the annual results announcement of the Company for the year ending 31 December 2020, which is expected to be released in March 2021 pursuant to the requirements of the Listing Rules.

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, 30 November 2020

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.