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)

UPDATE ON 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.

Reference is made to the Profit Warning Announcement.

The Board wishes to further inform Shareholders and potential investors that, based on the preliminary review of the latest unaudited consolidated management accounts of the Group for the Year as compared to the year ended 31 December 2019, the Group is expected to record decreases in sales of the Group by about 18% and profit attributable to the Shareholders by not more than 15% for the Year instead of decreases in sales of the Group by roughly around 20% and profit attributable to the Shareholders by roughly around 40% for the Year as disclosed in the Profit Warning Announcement.

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

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.

Reference is made to the profit warning announcement of the Company dated 30 November 2020 (the "**Profit Warning Announcement**"). Capitalised terms used herein shall have the same meanings as defined in the Profit Warning Announcement, unless the context requires otherwise.

The Board wishes to further inform Shareholders and potential investors that, based on the preliminary review of the latest unaudited consolidated management accounts of the Group for the year ended 31 December 2020 (the "**Year**"), which have not been reviewed by the audit committee of the Company or audited by the independent auditor of the Company, as compared to the year ended 31 December 2019, the Group is expected to record decreases in sales of the Group by about 18% and profit attributable to the Shareholders by not more than 15% for the Year instead of decreases in sales of the Group by roughly around 20% and profit attributable to the Shareholders by roughly around 40% for the Year as disclosed in the Profit Warning Announcement. The reduction in decrease in profit attributable to the Shareholders as expected for the Year is primarily due to a better performance in the actual sales of the Group during November to December 2020 as compared to the corresponding sales amount estimated in November 2020 on the premise that the number of COVID-19 infected cases was showing a trend of rapid rebound in Hong Kong since mid-November 2020.

Based on the information currently available, the Board believes that, even with subsidies received from governments of Hong Kong and Mainland China in relation to COVID-19, reasons for the decrease in profit attributable to the Shareholders for the Year as compared to the year ended 31 December 2019 are 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 self-operated and distributor-run retail business and leading to reduction in number of retail point-of-sales in Mainland China, 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 and inventories.

The Company is in the process of finalising the annual results of the Group for the Year. The information contained in this announcement is only based on the information currently available to the Board and the latest assessment by the Board with reference to the latest unaudited consolidated management accounts of the Group for the Year, which have not been reviewed by the audit committee of the Company or audited by the independent auditor of the Company, and may be subject to changes and adjustments. The actual results of the Group for the Year 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, which is expected to be released on or around 26 March 2021.

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, 11 March 2021

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.