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## Casablanca Group Limited

### 卡撒天嬌集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2223)

## 2024 ANNUAL RESULTS ANNOUNCEMENT

<b>HIGHLIGHTS</b>				
	<i>Notes</i>	<b>2024</b>	2023	Change
Revenue ( <i>HK\$'000</i> )		<b>247,058</b>	284,101	-13.0%
Loss for the year ( <i>HK\$'000</i> )		<b>(11,500)</b>	(9,464)	21.5%
Loss attributable to owners of the Company ( <i>HK\$'000</i> )		<b>(9,786)</b>	(4,640)	110.9%
Gross profit margin		<b>66.6%</b>	67.6%	
Net loss margin	1	<b>-4.7%</b>	-3.3%	
Loss per share – Basic ( <i>HK cents</i> )		<b>(3.80)</b>	(1.80)	
		<b>As at</b>	<b>As at</b>	
		<b>31/12/2024</b>	31/12/2023	Change
Total assets ( <i>HK\$'000</i> )		<b>448,366</b>	466,275	-3.8%
Total liabilities ( <i>HK\$'000</i> )		<b>83,656</b>	85,522	-2.2%
Total equity ( <i>HK\$'000</i> )		<b>364,710</b>	380,753	-4.2%
Total bank borrowings ( <i>HK\$'000</i> )		<b>3,193</b>	–	N/A
Total bank balances and cash ( <i>HK\$'000</i> )		<b>137,608</b>	132,383	3.9%
Net cash ( <i>HK\$'000</i> )	2	<b>134,415</b>	132,383	1.5%
Gearing ratio	3	<b>0.9%</b>	0.0%	
<i>Notes:</i>				
1.	Loss for the year is used as the numerator in the calculation.			
2.	Net cash represents pledged bank deposits and bank balances and cash less total bank borrowings.			
3.	Gearing ratio is calculated as total bank borrowings divided by total equity.			

The board (the “Board”) of directors (the “Directors”) of Casablanca Group Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024 (the “Year” or the “Review Period”) as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	3	247,058	284,101
Cost of goods sold		(82,622)	(91,953)
Gross profit		164,436	192,148
Other income	4	6,063	4,069
Other gains (losses)	5	282	(3,823)
Selling and distribution costs		(136,049)	(153,558)
Administrative expenses		(45,503)	(46,703)
Finance costs		(1,837)	(1,154)
Loss before taxation	6	(12,608)	(9,021)
Taxation	7	1,108	(443)
Loss for the year		(11,500)	(9,464)
Other comprehensive expense for the year			
<i>Items that may be subsequently or are reclassified to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		(6,520)	(5,889)
Release of translation reserve upon deregistration of a subsidiary		(633)	–
Other comprehensive expense		(7,153)	(5,889)
Total comprehensive expense for the year		(18,653)	(15,353)
Loss for the year attributable to:			
Owners of the Company		(9,786)	(4,640)
Non-controlling interests		(1,714)	(4,824)
		(11,500)	(9,464)
Total comprehensive expense for the year attributable to:			
Owners of the Company		(16,944)	(10,434)
Non-controlling interests		(1,709)	(4,919)
		(18,653)	(15,353)
Loss per share	9		
– Basic (HK cents)		(3.80)	(1.80)
– Diluted (HK cents)		(3.80)	(1.80)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		146,762	157,715
Right-of-use assets		37,203	31,565
Investment properties		18,437	20,417
Intangible assets		–	–
Deposits paid for acquisition of property, plant and equipment		501	697
Rental and other deposits		2,636	3,115
Deferred tax assets		2,293	604
		<u>207,832</u>	<u>214,113</u>
<b>Current assets</b>			
Inventories		53,512	59,937
Trade and other receivables	10	47,352	51,835
Financial assets at fair value through profit or loss		1,805	6,325
Taxation recoverable		257	1,682
Pledged bank deposits		8,297	9,182
Bank balances and cash		129,311	123,201
		<u>240,534</u>	<u>252,162</u>
<b>Current liabilities</b>			
Trade and other payables	11	55,706	67,520
Lease liabilities		15,320	9,749
Taxation payable		146	287
Bank borrowing		511	–
		<u>71,683</u>	<u>77,556</u>
Net current assets		<u>168,851</u>	174,606
Total assets less current liabilities		<u>376,683</u>	<u>388,719</u>
<b>Non-current liabilities</b>			
Bank borrowing		2,682	–
Lease liabilities		8,937	7,490
Deferred tax liabilities		354	476
		<u>11,973</u>	<u>7,966</u>
Net assets		<u>364,710</u>	<u>380,753</u>
<b>Capital and reserves</b>			
Share capital		25,785	25,785
Reserves		341,648	358,132
Equity attributable to owners of the Company		<u>367,433</u>	<u>383,917</u>
Non-controlling interests		(2,723)	(3,164)
Total equity		<u>364,710</u>	<u>380,753</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its parent company is World Empire Investment Inc., a company incorporated in the British Virgin Islands (the “BVI”), and its ultimate controlling parties are Mr. Cheng Sze Kin, who is the Chairman of the Company, Mr. Cheng Sze Tsan and Ms. Wong Pik Hung.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are manufacture and trading of bedding products and trading of home accessories and furniture.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Hong Kong Institute of Certified Public Accountants has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

The Group’s operating activities are attributable to a single operating segment focusing on manufacture and sales of bedding products. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs, that are regularly reviewed by the executive directors of the Company, the chief operating decision maker of the Group. The executive directors of the Company regularly review revenue analysis by (i) self-operated retail sales; (ii) e-sales; (iii) sales to distributors and (iv) others. However, other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance of the respective products. The executive directors of the Company review the revenue and the results for the year of the Group as a whole to make decision about resources allocation. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the executive directors of the Company. Accordingly, no analysis of this single operating segment is presented.

- Self-operated retail sales: Sales through the self-operated retail sales channel refer to retail sales to end-user consumers at the self-operated concession counters in department stores and self-operated retail stores.
- E-sales: E-sales refer to retail sales to end-user consumers through online platforms on internet or mobile devices operated by the Group or third parties, but not by distributors or wholesale customers.
- Sales to distributors: Sales to distributors refer to the sales to distributors who resell the products to end-user consumers.
- Others: Other sales include sales to wholesale customers located in the People’s Republic of China (“PRC” or “Mainland China” for purpose of this announcement, excluding Hong Kong, Macau and Taiwan) and Hong Kong and Macau (collectively the “Greater China Region”), and sales made to overseas customers.

The information of segment revenue is as follows:

	<b>2024</b> <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Self-operated retail sales	186,326	202,341
E-sales	28,794	44,683
Sales to distributors	13,306	17,653
Others	18,632	19,424
	<u>247,058</u>	<u>284,101</u>

#### Entity-wide information

The following is an analysis of the Group’s revenue from its major products:

	<b>2024</b> <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Bed linens	131,738	140,695
Duvets and pillows	101,454	114,458
Others	13,866	28,948
	<u>247,058</u>	<u>284,101</u>

#### Geographical information

Information about the Group’s revenue from external customers is presented based on the location of the operations:

	<b>2024</b> <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Hong Kong and Macau	186,486	202,994
Mainland China	59,927	80,631
Others	645	476
	<u>247,058</u>	<u>284,101</u>

Information about the Group's non-current assets (excluding rental and other deposits and deferred tax assets) is presented based on the location of the assets:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Mainland China	166,619	180,440
Hong Kong	36,202	29,954
	<u>202,821</u>	<u>210,394</u>

#### Information about major customer

For the years ended 31 December 2024 and 2023, revenue from transactions with each external customer is less than 10% of the total revenue of the Group.

#### 4. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	1,651	1,306
Dividend income	429	451
Government subsidies	406	22
Rental income	1,935	1,476
Others	1,642	814
	<u>6,063</u>	<u>4,069</u>

#### 5. OTHER GAINS (LOSSES)

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Net exchange loss	(1,193)	(878)
Net (loss allowance) reversal of loss allowance on trade receivables	(622)	1,035
Realised gain on financial assets at fair value through profit or loss ("FVTPL")	1,732	–
Unrealised gain (loss) on financial assets at FVTPL	294	(1,334)
Impairment loss on property, plant and equipment	(13)	(117)
Impairment loss on investment properties	(253)	(2,350)
Net loss on disposals and written off of property, plant and equipment	(434)	(179)
Gain on lease modification	138	–
Gain on deregistration of a subsidiary	633	–
	<u>282</u>	<u>(3,823)</u>

## 6. LOSS BEFORE TAXATION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss before taxation has been arrived at after charging (crediting):		
Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	82,248	85,014
Retirement benefit schemes contributions	6,311	6,212
Share-based payments	460	344
	<hr/>	<hr/>
Total staff costs	89,019	91,570
	<hr/>	<hr/>
Auditor's remuneration	1,046	1,045
Allowance (reversal of allowance) for inventories (included in cost of goods sold) ( <i>Note a</i> )	1,169	(4,074)
Cost of inventories recognised as expenses	81,453	96,027
Depreciation of property, plant and equipment	11,111	9,545
Depreciation of investment properties	1,084	765
Depreciation of right-of-use assets	16,956	16,358
Design costs (included in administrative expenses) ( <i>Note b</i> )	552	518
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### Notes:

- a. The reversal of allowance for inventories for the year ended 31 December 2023 arose due to the Group's sales strategy for the aged finished goods enhanced by management.
- b. The design costs comprise of staff salaries of HK\$416,000 (2023: HK\$289,000) for the year ended 31 December 2024, which are included in the staff costs disclosed above.

## 7. TAXATION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax		
Hong Kong	601	714
Enterprise Income Tax ("EIT") in Mainland China	–	128
	<hr/>	<hr/>
	601	842
	<hr/>	<hr/>
Under(over)provision in prior years		
Hong Kong	(12)	(36)
EIT in Mainland China	135	–
	<hr/>	<hr/>
	123	(36)
	<hr/>	<hr/>
Deferred taxation	724	806
	(1,832)	(363)
	<hr/>	<hr/>
	(1,108)	443
	<hr/> <hr/>	<hr/> <hr/>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% for the years ended 31 December 2024 and 2023, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis for the years ended 31 December 2024 and 2023.

Under the Law of the People’s Republic of China on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in Mainland China is 25%.

## 8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

## 9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
<b>Loss</b>		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(9,786)</u>	<u>(4,640)</u>
	2024	2023
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>257,854,000</u>	<u>257,854,000</u>

For the year ended 31 December 2024 and 2023, there is no dilutive effect from the Company’s outstanding share options as the exercise price of these share options is higher than the average market price of the Company’s shares during the year.

## 10. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	33,223	35,553
Less: Loss allowance	<u>(1,477)</u>	<u>(897)</u>
Trade receivables, net	<u>31,746</u>	<u>34,656</u>
Deposits	3,739	3,001
Prepayments	3,735	4,716
Value added tax recoverable	5,501	6,948
Advances to employees	712	704
Other receivables ( <i>Note</i> )	<u>1,919</u>	<u>1,810</u>
	<u>15,606</u>	<u>17,179</u>
Total trade and other receivables	<u><u>47,352</u></u>	<u><u>51,835</u></u>

*Note:* Included in the amount is interest receivable of HK\$155,000 (2023: HK\$144,000).

Retailing sales are mainly made at concession counters in department stores. The department stores collect cash from the end-user consumers and then repay the balance after deducting the concessionaire commission to the Group. The credit period granted to department stores ranging from 30 to 90 days. For distributors and wholesale sales, the Group allows a credit period up to 90 days to its trade customers, which may be extended to 180 days for selected customers. The following is an aged analysis of trade receivables net of loss allowance presented based on the invoice dates at the end of the reporting period.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	19,420	20,026
31 to 60 days	6,417	8,323
61 to 90 days	2,988	3,776
91 to 180 days	1,597	1,214
181 to 365 days	1,324	511
Over 365 days	<u>–</u>	<u>806</u>
	<u><u>31,746</u></u>	<u><u>34,656</u></u>

For sales to distributors, the Group requests new distributors for upfront payment, while the Group allows other distributors a longer credit period. For wholesale sales, before accepting any new customers with significant sales, the Group will check the historical default records of these customers through external source.

## 11. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	13,685	17,090
Bills payables	24,324	27,274
	<u>38,009</u>	<u>44,364</u>
Trade and bills payables	<u>38,009</u>	44,364
Deposits received	1,841	2,448
Accrued expenses	7,803	8,258
Salaries payables	6,723	6,753
Payable for acquisition of property, plant and equipment	262	4,104
Other payables	645	955
Contract liabilities	423	638
	<u>17,697</u>	<u>23,156</u>
Total trade and other payables	<u><u>55,706</u></u>	<u><u>67,520</u></u>

The credit period of trade and bills payables is from 30 to 180 days.

The following is an aged analysis of trade and bills payables based on invoice date at the end of the reporting period.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	19,878	13,300
31 to 60 days	6,811	16,582
61 to 90 days	5,378	7,732
91 to 180 days	4,593	6,283
Over 180 days	1,349	467
	<u>38,009</u>	<u>44,364</u>
	<u><u>38,009</u></u>	<u><u>44,364</u></u>

When the Group receives deposits from customer in advance of sales of goods, the deposits are recognised as contract liabilities until the control of the goods has been transferred to the customers.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

In 2024, the persisted geopolitical tensions together with various natural disasters in Mainland China during the first half of the Year significantly impacted consumer confidence across the Greater China Region. However, as announced earlier by the Ministry of Commerce of the People's Republic of China, the total retail sales of consumer goods for 2024 amounted to RMB48.8 trillion, representing a 3.5% year-on-year growth. This indicated that the development momentum of consumer market in the PRC remained steady under the various initiatives by the government aiming at expanding domestic demand. The residents preferred choosing affordable products with good quality over those with higher prices due to weaker consumer confidence.

As for the Hong Kong market, the trend of Hong Kong residents travelling and consuming in Mainland China or overseas during weekends and holidays continued. Despite a gradual rebound in the number of Mainland visitor arrivals, the consumer traffic of shopping malls and retail sales in Hong Kong were lower than expected for most of 2024. The Hong Kong government's measures to encourage local consumption and attract tourists did not significantly boost foot traffic or consumer confidence, leaving the catering and retail sectors mired in operational challenges. With considerable vacant storefronts on the streets and in the shopping malls, even frequent promotional events launched by department stores failed to restore consumer traffic to previous levels.

### BUSINESS REVIEW

There was no material change in the Group's operational and segmental information since it announced its interim results for the six months ended 30 June 2024. During the Review Period, total sales revenue of the Group amounted to approximately HK\$247.1 million, representing a decrease of approximately 13.0% compared to HK\$284.1 million for 2023. The loss attributable to owners of the Company for the Year was approximately HK\$9.8 million, representing an increase of approximately 110.9% compared to HK\$4.6 million for 2023. The increase in the loss attributable to owners of the Company for the Year was primarily due to the decline in overall sales. The increase in other income coupled with the decrease in selling and distribution costs failed to offset the decrease in total gross profit as a result of the decline in overall sales.

Casa Living New Retail (Guangdong) Co., Ltd. \* (卡撒生活新零售(廣東)有限公司 and “Casa Living”), which is a non-wholly owned subsidiary of the Group established in 2022 for livestream sales business, was not fully operational for most of the Year due to the litigation filed against one of its former shareholders and the arrangement for change of shareholders as a part of the settlement during the Review Period.

## **Optimised Sales Channels**

In respect of the online retail business, the Group's official online store in Hong Kong frequently launched themed promotional offers during the Review Period, aiming to attract consumer's attention towards the Company's developments. In Mainland China, the increase in sales in self-operated online stores on prominent platforms such as TMall and JD.com was insufficient to offset the impact brought by the decrease in livestream activities by Casa Living. During the Review Period, revenue from e-sales of the Group significantly decreased by 35.6% as compared to 2023.

As at 31 December 2024, the Group had a total of 155 physical points-of-sale ("POS") (31 December 2023: 156), of which 111 were self-operated and 44 were operated by distributors, covering a total of 34 cities in the Greater China Region. During the Review Period, sales of the Group's self-operated retail operation declined by 7.9% year-on-year, primarily due to cautious consumer sentiment in Hong Kong and Mainland China. The Group's distributors faced similarly challenging retail business environment, with sales from distribution for the Review Period down by 24.6% year-on-year.

During the Review Period, the Group supplied to various commercial customers in Hong Kong, including convenience stores, electrical appliance chain stores, public utility companies and personal care products brands, for their giveaway campaigns and point redemption schemes. In addition, the Group provided original equipment manufacturing (OEM) products to various customers. During the Review Period, the Group's sales to other customers decreased by 4.1% year-on-year due to the challenging business environment faced by wholesale customers in Hong Kong.

## **Enhanced Product Mix**

Recognising the strong appeal of products featuring cartoon characters to consumers in the Greater China Region, the Group has prioritised the development of exquisitely designed cartoon products as a core business strategy. During the Review Period, the Group continued to launch products featuring the popular Japanese anime character "Chiikawa" which received strong market demand and positively contributed to both the Group's revenue and brand promotion. In addition to introducing new products from the in-house designed "Beloved Series" cartoon collection, the Group also holds licenses for a range of popular cartoon bedding products. During the Review Period, the Group launched new licensed bedding items featuring "Moomin", "Pokemon", "Minions", "PEANUTS", "LuLu the Piggy" and "Crayon Shin-chan". During the Review Period, the Group expanded its licensed cartoon portfolio by adding the original Mainland Chinese character "Nailoong" and the classic American cartoon "Care Bears", which were well-received by consumers. For the Review Period, sales of licensed and authorised brand products increased by 5.0% year-on-year.

To address the issue of inconsistent quality among the wide variety of down duvet products in the market, the Group launched the “Warmth-Elite 4A Down Series” in the second half of 2024. This series meets the 4A grade standard under the China Feather and Down Industrial Association’s “Down Grading Standards”, offering consumers a reliable choice of high-quality down duvets. The “Muscovy 4A Down Duvet” from this series uses down filling that has been tested and proven to contain 95% down, with a loft exceeding 800in<sup>3</sup>/30g and a turbidity (cleanliness) level above 1,500mm. This ensures the duvet is lightweight, exceptionally warm, clean and odor-free. The product has passed harmful substance safety tests and meets the OEKO-TEX® Standard 100 Class I certification, ensuring its safety and reliability.

### **Strengthened Brand Leadership Position**

2024 marked the 31st anniversary of the establishment of the Casablanca brand in Hong Kong. The Group continued last year’s 30th-anniversary theme, “30+ Dream Casa • Love Casa (30+ 想 家 • 愛 家 • 以 愛 延 續 美 夢)” to promote Casablanca’s vision of providing a warm and comfortable sleep environment that supports everyone in pursuing sweet dreams. During the Review Period, the Group actively participated in themed sales campaigns at various Hong Kong department stores and hosted interactive activities on its social media platforms to draw customer attention to the Group’s brand developments.

To fulfil its social responsibility as an industry leader and make optimal use of existing facilities, the Group has upgraded and transformed the “Casablanca Industrial Park” in Huizhou, Guangdong Province, into the “Casablanca Smart Digital Eco-Park” (“Eco-Park”). During the Review Period, the Group hosted multiple academic exchange visits at the Eco-Park with various organizations, including the Huizhou Association of Enterprises with Foreign Investment, the Huizhou Federation of Overseas Chinese Youth, Huizhou Radio and Television Station and Federation of Hong Kong Huiyang Associations Ltd. We believe that engaging with various organizations can deepen understanding of the Group’s brand among individuals in the Guangdong-Hong Kong-Macao Greater Bay Area, facilitate the creation of future business opportunities, and prepare for cross-sector integration of diverse resources. This move also supports the Group’s transition from a traditional bedding company to a player in the “home living and sleep health” industry, while establishing a comprehensive industrial and supply chain base. The Eco-Park is envisioned as a “one center, multiple bases” service collaborative platform featuring unique services for Huizhou, Hong Kong, Macau, Taiwan, and overseas Chinese communities. During the Review Period, the Group’s brand was awarded the titles of “Shenzhen Top Brand” and “The Greater Bay Area Top Brand” by the Shenzhen Well-Known Brand Evaluation Committee\* (深圳知名品牌評價委員會).

## **PROSPECTS**

In 2025, with the inauguration of the new US president, the market anticipates significant US tariff increases on imported goods, including exports from Mainland China, which may impact Mainland Chinese citizens' confidence in the economic outlook and reduce consumer spending. However, the recent Central Economic Work Conference outlined that one of the key tasks for 2025 is to boost consumption through measures such as enhancing social security, promoting employment, and driving steady growth in household income, aiming to expand domestic demand and support a sustained economic recovery. With the reinstatement of the "Multiple Entry Permit" policy for Shenzhen residents visiting Hong Kong at the end of 2024, the increase in visitors from Mainland China has partially offset the impact of Hong Kong residents traveling abroad and spending in Mainland China. In recent months, foot traffic in Hong Kong has increased noticeably, raising hopes that local consumer sentiment will continue to improve. Additionally, with Mainland China gradually increasing the number of cities eligible for individual visits to Hong Kong and Macau, and agreeing to raise the duty-free allowance for personal luggage carried by residents entering from Hong Kong and Macau, it is expected to boost the development of Hong Kong's retail sector. The Company understands that consumer sentiment takes time to improve and remains cautiously optimistic about the future release of consumption potential in the Greater China Region.

### **Mainland China**

In 2025, for the self-operated retail business, the Group will evaluate the performance of all stores to ensure the profitability across its network. In terms of the distribution business, the Group will focus on developing its distribution networks in second-and third-tier cities nationwide, with an emphasis on markets in Northeast China, Northern China, Jiangsu-Zhejiang, and Guangdong. For distributor clients, the Group will implement a tiered system to provide tailored business support, including store image enhancement and staff training. The Group will continue to enhance the wholesale business in Mainland China to bolster its related revenue contribution, including grasping opportunities to supply products to corporations with a nationwide presence and providing bedding products featuring unique designs and health enhancing functions to corporate customers.

In terms of online business, the Group will allocate additional resources to marketing in order to further enhance its retail operations on traditional e-commerce platforms. Casa Living's livestream sales business will resume full operations in 2025 and expand its product range to include home living essentials, aiming to provide significant growth momentum for the Group's business development.

In December 2024, the Group held the opening ceremony for the “Casablanca Smart Digital Eco-Park and Huizhou-Hong Kong-Macau-Taiwan Overseas Chinese Digital Livestreaming Entrepreneurship Base”, laying a solid foundation for the Group’s business development and its efforts to support and nurture youth entrepreneurship. The Eco-Park provides a comprehensive industrial and supply chain to attract and support Hong Kong youth and corporations in expanding to Huizhou. It also offers space and facilities for professional service providers such as startup training, accounting services, legal advisors, intellectual property agents, environmental consultants and business management consultants, delivering one-stop solutions for entrepreneurs. The Eco-Park received the “Huizhou-Hong Kong-Macau-Taiwan Overseas Chinese Digital Livestreaming Entrepreneurship Base” certificate from the Huizhou-Hong Kong-Macau-Taiwan Overseas Chinese Comprehensive Service Center, recognizing the Group’s efforts in nurturing youth development in technology and creative industries.

## **Hong Kong**

Upholding the core concept of “Innovative, Contemporary and Functional” in product design, the Group has been providing customers with comfortable sleeping products with health enhancing functions. Since its launch, the Group’s self-developed brand, CASA-V, and its 5A functional products have been well-received by consumers. In 2025, the CASA-V brand will expand its product line with “7A functions”, offering seven benefits: Antibacterial, Anti-aromatic amines, Anti-virus, Thermostatic, Anti-mite, Anti-fungal and Anti-odor. Therein, the antibacterial function will be upgraded to provide customers with enhanced protection.

In addition, the authorised cartoon products launched by the Group in the Hong Kong have consistently attracted market attention. In 2025, the Group will continue to optimise its authorised cartoon product portfolio by bringing the latest popular cartoon icons to the market in addition to offering choices of products featuring classic cartoon characters. With several classic authorised cartoon characters celebrating their anniversaries in 2025, the Group has planned to launch promotional activities of different cartoon themes through diverse sales channels to drive sales growth.

Adhering to its “Contemporary, Innovative and Functional” design concept, the Group strives to integrate sustainable growth, environmental protection and social responsibility in its business strategies to provide consumers with quality bedding products of fashionable designs and at reasonable prices, and home accessories that are trendy yet practical and beneficial to society. The Group will also continue to diversify its revenue streams and enhance its brand value, aiming to deliver favorable long-term returns to the shareholders of the Company (the “Shareholders”).

## FINANCIAL REVIEW

### Revenue

For the Year, the Group recorded revenue of HK\$247.1 million (2023: HK\$284.1 million), representing a decrease of 13.0%. In addition to the significant decrease in e-sales from livestream sales activities, the decrease in revenue of the Group for the Year was primarily attributable to the decline in overall sales in Hong Kong and Mainland China as a result of the weak consumer sentiment under the gloomy economy.

#### **Breakdown of revenue by channels:**

	2024		2023		Change	
	<i>HK\$'000</i>	<i>% of Total</i>	<i>HK\$'000</i>	<i>% of Total</i>	<i>HK\$'000</i>	<i>%</i>
<b>Self-operated retail sales</b>						
Self-operated concession counters	<b>136,116</b>	<b>55.1%</b>	151,810	53.5%	(15,694)	-10.3%
Self-operated retail stores	<b>50,210</b>	<b>20.3%</b>	50,531	17.8%	(321)	-0.6%
<b>Sub-total for self-operated retail sales</b>	<b>186,326</b>	<b>75.4%</b>	202,341	71.3%	(16,015)	-7.9%
<b>E-sales</b>	<b>28,794</b>	<b>11.7%</b>	44,683	15.7%	(15,889)	-35.6%
<b>Sales to distributors</b>	<b>13,306</b>	<b>5.4%</b>	17,653	6.2%	(4,347)	-24.6%
<b>Others</b> <i>(Note)</i>	<b>18,632</b>	<b>7.5%</b>	19,424	6.8%	(792)	-4.1%
<b>Total</b>	<b>247,058</b>	<b>100.0%</b>	284,101	100.0%	(37,043)	-13.0%

*Note:* "Others" includes sales to wholesale customers in Hong Kong and Mainland China and also exports to overseas markets.

Self-operated retail sales for the Year, which accounted for 75.4% of the total revenue, decreased by 7.9% compared to 2023. The decrease in self-operated retail sales was attributable to the weak consumer sentiment in Hong Kong as the trend of Hong Kong consumers shopping in Mainland China and travelling overseas during public holidays remained unchanged. With only limited livestream sales activities in Mainland China during the course of Casa Living initiated a litigation against one of its former shareholders, e-sales for 2024 decreased significantly by 35.6% as compared to 2023. The decrease in sales to distributors by 24.6% for 2024 was mainly attributable to the decrease in sales to distributors in Mainland China and Macau as they also faced the same difficult operating environment. With reduced wholesales activities in Hong Kong during the Year, sales to others for 2024 recorded a decrease of 4.1% as compared to 2023.

**Breakdown of revenue by brands:**

	2024		2023		Change	
	<i>HK\$'000</i>	<i>% of Total</i>	<i>HK\$'000</i>	<i>% of Total</i>	<i>HK\$'000</i>	<i>%</i>
Proprietary brands	<b>198,818</b>	<b>80.5%</b>	237,699	83.6%	(38,881)	-16.4%
Licensed and authorized brands	<b>47,318</b>	<b>19.1%</b>	45,074	15.9%	2,244	5.0%
Others <i>(Note)</i>	<b>922</b>	<b>0.4%</b>	1,328	0.5%	(406)	-30.6%
Total	<b><u>247,058</u></b>	<b><u>100.0%</u></b>	<b><u>284,101</u></b>	<b><u>100.0%</u></b>	<b><u>(37,043)</u></b>	<b><u>-13.0%</u></b>

Note: "Others" includes sales of products under other brands or on original equipment manufacturer basis.

Casablanca, Casa Calvin and CASA-V are our major proprietary brands. With the decrease in overall sales, the sales of proprietary brands during the Year decreased by 16.4% compared to 2023. The 5.0% increase in sales of our licensed and authorized brands for 2024 was mainly attributable to the increase in sales of bedding products featuring popular cartoon characters in Hong Kong and Macau.

**Breakdown of revenue by products:**

	2024		2023		Change	
	<i>HK\$'000</i>	<i>% of Total</i>	<i>HK\$'000</i>	<i>% of Total</i>	<i>HK\$'000</i>	<i>%</i>
Bed linens	<b>131,738</b>	<b>53.3%</b>	140,695	49.5%	(8,957)	-6.4%
Duvets and pillows	<b>101,454</b>	<b>41.1%</b>	114,458	40.3%	(13,004)	-11.4%
Others <i>(Note)</i>	<b>13,866</b>	<b>5.6%</b>	28,948	10.2%	(15,082)	-52.1%
Total	<b><u>247,058</u></b>	<b><u>100.0%</u></b>	<b><u>284,101</u></b>	<b><u>100.0%</u></b>	<b><u>(37,043)</u></b>	<b><u>-13.0%</u></b>

Note: "Others" includes sales of home accessories, furniture and other products.

Bed linens and duvets and pillows are major products of the Group. The decrease in sales of bed linens and duvets and pillows for 2024 was primarily due to the decrease in overall sales during the Year. The significant decrease in sales of others for 2024 was attributable to less home accessories and other products being sold amid limited livestream sales activities during the Year.

### **Breakdown of revenue by geographic regions:**

	2024		2023		Change	
	HK\$'000	% of Total	HK\$'000	% of Total	HK\$'000	%
Hong Kong and Macau	186,486	75.4%	202,994	71.4%	(16,508)	-8.1%
Mainland China	59,927	24.3%	80,631	28.4%	(20,704)	-25.7%
Others <sup>(Note)</sup>	645	0.3%	476	0.2%	169	35.5%
Total	<u>247,058</u>	<u>100.0%</u>	<u>284,101</u>	<u>100.0%</u>	<u>(37,043)</u>	<u>-13.0%</u>

Note: "Others" includes sales to regions other than Hong Kong, Macau and Mainland China.

Revenue from Hong Kong and Macau for 2024 decreased by 8.1% compared to 2023, which was primarily due to the decreases in retail sales and wholesales in Hong Kong with the weak consumer sentiment. The decrease in revenue from Mainland China by 25.7% for 2024, compared to 2023, was mainly attributable to decreases in retail sales and sales to distributors as well as the limited livestream sales in Mainland China.

### **Gross Profit and Gross Profit Margin**

Gross profit decreased by 14.4% to HK\$164.4 million for 2024 compared to HK\$192.1 million for 2023. The gross profit margin for 2024 was 66.6% which was at similar level as 67.6% for 2023.

### **Other Income**

Other income for the Year increased by 49.0% to HK\$6.1 million (2023: HK\$4.1 million). The increase in other income for the Year was mainly due to (1) increases in bank interest income by HK\$0.3 million and rental income by HK\$0.5 million; (2) the receipt of a subsidy of about HK\$0.4 million from the government of Hong Kong; and (3) the forfeiture of rental deposit of about HK\$0.7 million on early termination of a lease by tenant.

### **Other Gains**

Other gains for the Year amounted to HK\$0.3 million (2023 losses: HK\$3.8 million), mainly representing gain on deregistration of a PRC subsidiary of HK\$0.6 million (2023: nil), net gain on financial assets at FVTPL of HK\$2.0 million (2023 net loss: HK\$1.3 million) and gain on lease modification of HK\$0.1 million (2023: nil) offsetting against net exchange loss of HK\$1.2 million (2023: HK\$0.9 million), net loss on disposals and written off of property, plant and equipment of HK\$0.4 million (2023: HK\$0.2 million), impairment loss of HK\$0.3 million (2023: HK\$2.5 million) and loss allowance on trade receivables of HK\$0.6 million (2023 reversal of loss allowance: HK\$1.0 million).

## Operating Expenses

Selling and distribution costs for the Year decreased by 11.4% to HK\$136.0 million (2023: HK\$153.6 million). The decrease was mainly due to decreases in staff costs and promotional expenses when Casa Living was not operated at full capacity for most of the Year due to the litigation against one of its former shareholders. Administrative expenses for the Year slightly decreased by 2.6% to HK\$45.5 million as compared to HK\$46.7 million for 2023.

## Taxation

The Group was at loss for 2024 as well as 2023. With deferred taxation credit offsetting tax charge provided for the Year, the Group had net tax credit of HK\$1.1 million for 2024. The negative effective tax rate for 2023 was mainly due to operating losses of subsidiaries in the PRC exceeding operating profits of subsidiaries in Hong Kong, while the effective tax rate was calculated with non-taxable subsidies and gains offsetting against operating losses of subsidiaries in the PRC and other non-tax deductible expenses. Had these subsidies, operating losses, the loss allowances on trade receivables and inventories, the non-deductible share-based payments and the exchange loss for 2023 been excluded, the adjusted effective tax rate would be approximately 15.7% with net tax charge of HK\$0.4 million for 2023.

## Loss for the Year

The Group recorded a loss of HK\$11.5 million for 2024 (2023: HK\$9.5 million). By excluding the loss attributable to non-controlling interests, the loss attributable to owners of the Company for 2024 was HK\$9.8 million (2023: HK\$4.6 million). The increase in loss for the Year was primarily attributable to the decline in overall sales. Increases in other income and other gains coupled with decreases in selling and distribution costs and administrative expenses failed to offset the decrease in total gross profit as a result of the decline in overall sales.

## Major Operating Efficiency Ratios

	2024	2023	Change
Inventory turnover ( <i>days</i> )	250.6	235.0	15.6
Trade receivables turnover ( <i>days</i> )	49.1	45.9	3.2
Trade and bills payables turnover ( <i>days</i> )	181.9	164.7	17.2

## Inventory turnover

The inventory turnover is equal to the average of opening and closing inventory divided by total cost of sales for the year and multiplied by 365 days. The inventory at 31 December 2024 decreased by 10.7% to HK\$53.5 million (2023: HK\$59.9 million) with less raw materials and finished goods kept as compared to the levels at 31 December 2023. The reason for inventory turnover for 2024 increased to 250.6 days from 235.0 days for 2023 was due to the decrease in cost of sales caused by the decline in sales for 2024.

### ***Trade receivables turnover***

The trade receivables turnover is equal to the average of opening and closing trade receivables divided by total sales for the year and multiplied by 365 days. The trade receivables at 31 December 2024 decreased by 8.4% to HK\$31.7 million (2023: HK\$34.7 million) net of loss allowance of HK\$1.5 million (2023: HK\$0.9 million). With the decrease in sales for 2024, the trade receivables turnover for 2024 increased to 49.1 days (2023: 45.9 days).

### ***Trade and bills payables turnover***

The trade and bills payables turnover is equal to the average of opening and closing trade and bills payables divided by total cost of sales for the year and multiplied by 365 days. The trade and bill payables at 31 December 2024 decreased by 14.3% to HK\$38.0 million (2023: HK\$44.4 million) when less raw materials were purchased in the fourth quarter of 2024. The trade and bills payables turnover for 2024 increased to 181.9 days (2023: 164.7 days) was attributable to the decrease in cost of sales caused by the decline in sales for 2024.

### **Liquidity and Capital Resources**

The gearing structure is set out below:

	As at 31 December		Change	
	2024	2023		
	HK\$'000	HK\$'000	HK\$'000	%
Total assets	<b>448,366</b>	466,275	(17,909)	-3.8%
Total liabilities	<b>83,656</b>	85,522	(1,866)	-2.2%
Total equity	<b>364,710</b>	380,753	(16,043)	-4.2%
Total bank borrowings	<b>3,193</b>	–	3,193	N/A
Total bank balances and cash	<b>137,608</b>	132,383	5,225	3.9%
Net cash	<b>134,415</b>	132,383	2,032	1.5%

The Group has been adhering to the principle of prudent financial management in order to minimise financial and operational risks. The Group generally finances its operations with internally generated cash flows. The increase in bank balances and cash at 31 December 2024 was primarily attributable to the proceeds from disposal of financial assets at FVTPL and the increase in bank borrowings although the Group suffered a loss and had more cash tied up in working capital for the Year. Despite loss for the Year, the Group had available net cash about HK\$134.4 million as at 31 December 2024 (2023: HK\$132.4 million) which would be sufficient for its present operations in absence of unforeseen circumstances.

### ***Pledged bank deposits and bank balances and cash***

As at 31 December 2024, the pledged bank deposits of the Group were approximately HK\$8.3 million (2023: HK\$9.2 million), which were denominated in HKD and RMB, and the bank balances and cash of the Group were approximately HK\$129.3 million (2023: HK\$123.2 million), which were denominated in HKD and RMB except for about 0.5% in United States Dollar, Pound Sterling and Euro.

### ***Bank borrowings***

As at 31 December 2024, the bank borrowings of the Group were approximately HK\$3.2 million (2023: nil), which were denominated as to 100.0% in RMB with all balances repayable not more than three years, for strengthening the cashflow of the PRC factory of the Group. Despite loss for the Year, the financial position of the Group was healthy during the Year.

### ***Current ratio***

The Group's total current assets and the total current liabilities at 31 December 2024 decreased to HK\$240.5 million (2023: HK\$252.2 million) and HK\$71.7 million (2023: HK\$77.6 million) respectively. As a result, the current ratio increased to 3.4 as at 31 December 2024 from 3.3 as at 31 December 2023. The increase in current ratio was mainly due to the decrease in current liabilities more than that in current assets.

### ***Gearing ratio***

Gearing ratio is calculated as total borrowings divided by total equity at the end of the year. As at 31 December 2024, the gearing ratio was 0.9% (2023: 0%). The Group was at net cash position, with pledged bank deposits and bank balances and cash more than total bank borrowings, at 31 December 2024 as well as 31 December 2023.

### ***Pledge of assets***

As at 31 December 2024, no leasehold land and buildings or investment properties were pledged to banks as securities for banking facilities granted to the Group (2023: nil). The Group had pledged only its fixed deposits with an aggregate value of HK\$8.3 million (2023: HK\$9.2 million) to certain banks in Hong Kong and Mainland China to secure banking facilities granted to the Group at 31 December 2024.

### ***Capital expenditures***

During the Year, the Group had capital expenditures of HK\$5.2 million (2023: HK\$27.9 million) mainly for acquisition of electric vehicles, upgrade of computer equipment and renovation for retail stores and concession counters.

### ***Capital commitments***

As at 31 December 2024, the Group had capital commitments of only HK\$0.2 million (2023: HK\$0.2 million) which mainly related to acquisitions of machines.

## **Share Capital**

The total number of issued ordinary shares of the Company (“Shares”) as at 31 December 2024 was 257,854,000 Shares (2023: 257,854,000 Shares). As at 31 December 2024, the total issued share capital of the Company was HK\$25,785,400 (2023: HK\$25,785,400).

In order to provide incentive or reward to eligible persons for their contribution to the Group and to enable the Group to recruit and retain human resources that are valuable to the Group, the Company adopted a share option scheme which had been approved at the annual general meeting held on 6 June 2022.

## **Foreign Exchange Exposure**

The Group carries on its business mainly in Hong Kong and Mainland China. The Group is exposed to foreign exchange risk principally in RMB which may affect the Group’s performance. RMB depreciated by about 3.3% against HKD in 2024 (2023: 2.7%). The management has been aware of the possible foreign exchange exposure due to the continuing fluctuation of RMB and its impact on the performance of the Group. During the Year, the Group did not use any derivative financial instrument to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities arising in the ordinary course of business.

Reference is made to the announcement entitled “Discloseable Transaction – FX Foreign Contract” published by the Company on 17 January 2025, the Group entered into a foreign exchange forward contract with a bank in Hong Kong in the principal amount of RMB14 million to be settled on 30 December 2025 as a hedging arrangement. The aim of such hedging arrangement is to mitigate RMB/HKD currency risk arising from loans in RMB to a subsidiary in the PRC. The Board will closely monitor the situation and the hedging arrangement to see if any further action is necessary.

## **Employee and Remuneration Policy**

As at 31 December 2024, the employee headcount of the Group was 532 (2023: 531) and the total staff costs, including directors’ emoluments, for the Year amounted to HK\$89.0 million (2023: HK\$91.6 million). Although the employee headcount was almost the same at 31 December 2024 and 31 December 2023, many employees of Casa Living left in the fourth quarter of 2023 when Casa Living downsized its business scale at the time with a dispute on capital contribution with one of its former shareholders. The decrease in total staff costs for 2024 was mainly due to less payments of salary, bonus and sales commission during the Year.

The Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to employees including medical benefits, social insurance, provident funds, bonuses and a share option scheme.

## **Material Acquisitions and Disposals of Subsidiaries and Associates**

During the Year, the Group deregistered Colorway Furniture Company Limited which was a wholly-owned subsidiary of the Group in Mainland China.

Other than deregistration of the subsidiary as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures in the course of the Year.

## Financial Assets at FVTPL

The financial assets at FVTPL represent the Group's investments for medium to long-term investment purposes in shares of constituents of Hang Seng Index as listed on the Stock Exchange. They are expected to bring returns to the Group in the long run.

As at 31 December 2024, the financial assets at FVTPL included investments in shares of the following companies:

<b>Name of company listed on the Stock Exchange</b>	<b>Stock Code</b>	<b>Fair Value of Investment at 31 December 2024</b> <i>HK\$'000</i>	<b>Fair Value of Investment at 31 December 2023</b> <i>HK\$'000</i>
Hong Kong Exchanges and Clearing Limited	00388	<b>884</b>	804
Ping An Insurance (Group) Company of China, Ltd.	02318	<b>921</b>	707
China Construction Bank Corporation	00939	–	2,790
China Life Insurance Company Limited	02628	–	2,024
Total		<b><u>1,805</u></b>	<b><u>6,325</u></b>

As at 31 December 2024, the Company had total investments in shares of companies listed on the Stock Exchange with fair value of HK\$1.8 million (2023: HK\$6.3 million) which were not more than 5% of the Group's total assets. The decrease in financial assets at FVTPL by about HK\$4.5 million (2023 decrease: HK\$1.3 million) was mainly attributable to the disposal of investments in shares of two companies listed on the Stock Exchange during the Year. For the Year, dividend income from and gain on disposal of investments in shares of companies listed on the Stock Exchange were HK\$0.4 million (2023: HK\$0.4 million) and HK\$1.7 million (2023: nil) respectively.

## Significant Investments

The Group did not hold any significant investments during the Year save as those disclosed in this announcement.

## Future Plans for Material Investments or Capital Assets

The Group is actively identifying and exploring suitable investments with potential and synergy effect to its existing businesses. Only potential investments, which are in the interests of the Company and the Shareholders as a whole, will be considered.

For medium to long-term investment purposes, the Group may consider to invest in shares of companies listed on the Stock Exchange to strive for better return in the medium to long-term from surplus cash on hand. As at 31 December 2024, the Group had investments in shares of companies listed on the Stock Exchange as disclosed for financial assets at FVTPL above.

The Group will review its business strategy in respect of its capital assets (including but not limited to properties owned by the Group) from time to time. With a view to optimising the overall benefits of the Group, adjustments may be made or new initiatives may be undertaken as regards the business plans formulated for properties owned by the Group having regard to the operational needs of the Group, actual circumstance and the interest of the Group as a whole. As at 31 December 2024, the investment properties of the Group with total carrying amount of HK\$18.4 million were vacant on offer for leasing out. The Group leased out investment properties with total carrying amount of HK\$20.4 million at 31 December 2023 under operating leases for two to five years which were terminated early by the tenants during the Year.

Other than those disclosed above, there was no plan authorised by the Board for material investments or additions of capital assets at the date of this announcement.

### **Contingent Liabilities**

As at 31 December 2024, the Group did not have any significant contingent liabilities.

### **Update on Discloseable Transaction in relation to Joint Venture Company**

Reference is made to the announcement entitled “Settlement of Litigation Initiated by a Non-wholly-owned Subsidiary and Update of Discloseable Transaction in relation to Joint Venture Company” published by the Company on 6 September 2024.

On 5 September 2024, Casa Living and 湖南柒星創想科技有限公司 (Hunan Seven Star Chuang Xiang Technology Co., Ltd.\*) (“Hunan Seven Star”) reached a settlement of a litigation (the “Litigation”) initiated by Casa Living against Hunan Seven Star in respect of the due and unpaid capital contributions in the total amount of RMB3,000,000 under a joint venture agreement dated 5 October 2022 (the “JV Agreement”) entered into between Jollirich Investment Limited (“Jollirich Investment”, an indirect wholly-owned subsidiary of the Company), Hunan Seven Star and 杭州丁元投資管理有限公司 (Hangzhou Dingyuan Investment Management Co., Ltd.\*) (“Hangzhou Dingyuan”) for capital contributions to Casa Living in proportion to their 51%, 35% and 14% shareholdings in Casa Living, comprising:

- (1) the transfer of 13% and 22% of the equity interest in Casa Living held by Hunan Seven Star respectively to 台山市得力道食品有限公司 (Delicious Foodstuffs (Taishan) Company Limited\*) and 北京上東嘉禾文化發展有限公司 (Beijing East Jiahe Cultural Development Co., Ltd.\*) (“Beijing East Jiahe”) (collectively, the “New Shareholders”);
- (2) the entering into of a cooperation agreement (the “Cooperation Agreement”) between Jollirich Investment, Hangzhou Dingyuan and the New Shareholders to govern their rights and obligations in respect of, and the operations of, Casa Living; and
- (3) the termination of the JV Agreement between Jollirich Investment, Hangzhou Dingyuan and Hunan Seven Star.

According to the Cooperation Agreement, Beijing East Jiahe shall make its committed capital contributions in the total amount of RMB3,300,000 to Casa Living in cash before 31 December 2024. As at the date of this announcement, Beijing East Jiahe only paid RMB1,350,000 as part of its committed capital contribution to Casa Living. Casa Living had been in on-going communication and negotiation with Beijing East Jiahe for a payment plan. Taking into account the proposal offered by Beijing East Jiahe and Casa Living's assessment of the totality of the circumstances, Casa Living agreed to extend the deadline for its payment of the remaining balance of committed capital contribution of RMB1,950,000 for a short period to 30 April 2025.

Owing to the Litigation and the changes of shareholders, Casa Living was in minimal operations with only limited livestream sales activities during the Year. Although Casa Living resumes its full operations in 2025, the Group has adjusted its strategies for development of livestream sales business in Mainland China.

Casa Living is currently run by a management team led by Hangzhou Dingyuan and the New Shareholders. Pursuant to the Cooperation Agreement, there are turnover targets and after-tax profit targets set for the management team of Casa Living for each of the three financial years ending 31 December 2025, 2026 and 2027 (the "New Management Targets"). The New Management Targets were recorded in the Cooperation Agreement as a mutual intent of the vision for and business projection of Casa Living, and were intended to serve as evaluation indicators for performance incentives and bonuses. The New Management Targets in the Cooperation Agreement were in nature an illustration of the commitment of the management team of Casa Living, which do not create any obligation on the part of Hangzhou Dingyuan and the New Shareholders to make up for any shortfall in respect thereof. The Cooperation Agreement does not contain any provision which would give rise to a put option for the Company to sell its equity interest in Casa Living to Hangzhou Dingyuan and the New Shareholders by reason of the failure to satisfy any New Management Targets.

## **DIVIDEND**

The Directors do not recommend the payment of final dividend for the year ended 31 December 2024.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the Year, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares).

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the Company for the year ended 31 December 2024 (the "AGM") is scheduled to be held on Friday, 23 May 2025. A notice convening the AGM will be issued and disseminated to the Shareholders in due course.

## **CLOSURES OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 19 May 2025 to Friday, 23 May 2025 (both days inclusive) during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM of the Company, all completed transfer documents accompanying with the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. (Hong Kong time) on Friday, 16 May 2025.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "CG Code") as its own code of corporate governance. The Company has complied with the code provisions as set out in the CG Code during the Year.

None of the Directors is aware of any information which would reasonably indicate that the Company has not, for any part of the Year, complied with the code provisions of the CG Code.

## **AUDIT COMMITTEE**

The audit committee of the Company (the "Audit Committee") comprises three Independent Non-executive Directors, namely, Mr. Lo Siu Leung, Dr. Cheung Wah Keung and Mr. Chow On Wa. Mr. Lo Siu Leung is the chairman of the Audit Committee. The Audit Committee is primarily responsible for the review of the Group's financial reporting process and risk management and internal control systems. It has reviewed the accounting principles and practices adopted by the Group and the audited annual results of the Group for the year ended 31 December 2024.

## **EVENTS AFTER THE REPORTING PERIOD**

There is no material subsequent event undertaken by the Group up to the date of this announcement after 31 December 2024.

## **SCOPE OF WORK OF MESSRS. CHENG & CHENG LIMITED, CERTIFIED PUBLIC ACCOUNTANTS**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Group's auditors, Messrs. CHENG & CHENG LIMITED, Certified Public Accountants ("CHENG & CHENG"), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by CHENG & CHENG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by CHENG & CHENG on this preliminary announcement.

## **APPRECIATION**

We would like to extend our sincere gratitude to our valued customers, business partners and Shareholders for their constant support, and express our appreciation to the management team and employees for their valuable contributions to the development of the Group for the Year.

*\* For identification purpose only.*

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

Hong Kong, 25 March 2025

*As at the date of this announcement, the Board of the Company 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.*