Casablanca Group Limited
卡撒天嬌集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2223)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

	Notes	**Six months ended 30 June** **2026**	2025	Change
Revenue *(HK$'000)*		**108,125**	108,960	-0.8%
Gross profit *(HK$'000)*		**73,742**	72,693	1.4%
Loss for the period attributable to owners of the Company *(HK$'000)*		**(7,878)**	(12,218)	-35.5%
Gross profit margin		**68.2%**	66.7%	
Net loss margin		**-7.3%**	-11.2%	
Loss per share				
– Basic *(HK cents)*		**(3.05)**	(4.74)	-35.7%
– Diluted *(HK cents)*		**(3.05)**	(4.74)	-35.7%

	Notes	**As at 30/06/2026**	As at 31/12/2025	Change
Total assets *(HK$'000)*		**435,838**	433,150	0.6%
Total equity *(HK$'000)*		**361,147**	362,001	-0.2%
Total bank balances and cash *(HK$'000)*	*1*	**142,215**	134,452	5.8%
Gearing ratio	*2*	**2.1%**	0.8%	

Notes:

1. Total bank balances and cash included pledged bank deposits.

2. Gearing ratio is calculated as total bank borrowings divided by total equity. The Group was at net cash position, with pledged bank deposits and bank balances and cash more than total borrowings, at 30 June 2026 and 31 December 2025.

The board (the "Board") of directors (the "Directors") of Casablanca Group Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2026 (the "Period" or the "Review Period") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

		Six months ended 30 June	
	Notes	**2026** ***HK$'000*** **(unaudited)**	2025 *HK$'000* (unaudited)
Revenue	*4*	**108,125**	108,960
Cost of goods sold		**(34,383)**	(36,267)
Gross profit		**73,742**	72,693
Other income	*5*	**4,510**	1,244
Other gains		**556**	709
Selling and distribution costs		**(64,931)**	(64,913)
Administrative expenses		**(21,564)**	(22,039)
Finance costs		**(598)**	(850)
Loss before taxation	*6*	**(8,285)**	(13,156)
Taxation	*7*	**–**	(204)
Loss for the period		**(8,285)**	(13,360)
Other comprehensive income			
Items that may be subsequently or are reclassified to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**7,320**	5,371
Other comprehensive income for the period		**7,320**	5,371
Total comprehensive expense for the period		**(965)**	(7,989)
Loss for the period attributable to:			
Owners of the Company		**(7,878)**	(12,218)
Non-controlling interests		**(407)**	(1,142)
		(8,285)	(13,360)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(514)**	(6,812)
Non-controlling interests		**(451)**	(1,177)
		(965)	(7,989)
Loss per share	*9*		
– Basic *(HK cents)*		**(3.05)**	(4.74)
– Diluted *(HK cents)*		**(3.05)**	(4.74)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	30.6.2026 HK$'000 (unaudited)	31.12.2025 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**150,291**	144,127
Right-of-use assets		**36,333**	27,406
Investment properties		**13,203**	18,104
Deposits paid for acquisition of property, plant and equipment		**543**	522
Rental and other deposits		**2,843**	1,595
Deferred tax assets		**3,677**	3,512
		206,890	195,266
Current assets			
Inventories		**53,483**	50,909
Trade and other receivables	*10*	**32,083**	48,280
Financial assets at fair value through profit or loss		**1,021**	3,988
Taxation recoverable		**146**	255
Pledged bank deposits		**5,447**	6,859
Bank balances and cash		**136,768**	127,593
		228,948	237,884
Current liabilities			
Trade and other payables	*11*	**44,574**	54,135
Lease liabilities		**12,785**	10,672
Taxation payable		**44**	13
Bank borrowing		**5,554**	532
		62,957	65,352
Net current assets		**165,991**	172,532
Total assets less current liabilities		**372,881**	367,798
Non-current liabilities			
Bank borrowing		**2,077**	2,262
Lease liabilities		**9,359**	3,167
Deferred tax liabilities		**298**	368
		11,734	5,797
Net assets		**361,147**	362,001
Capital and reserves			
Share capital		**25,815**	25,785
Reserves		**336,743**	337,176
Equity attributable to owners of the Company		**362,558**	362,961
Non-controlling interests		**(1,411)**	(960)
Total equity		**361,147**	362,001

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2025.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2025.

The condensed consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousands, except when otherwise indicated.

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement to Financial Instrument
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11
Amendment to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – Dependent Electricity

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and on the disclosures set out in these condensed consolidated financial statements.

4. 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, which 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) wholesales. 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 period 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.

- Wholesales: Sales to wholesale customers located in the People's Republic of China ("PRC" or "Mainland China" for purpose of this announcement, excluding Hong Kong, Macao and Taiwan) and Hong Kong and Macao (collectively the "Greater China Region"), and sales made to overseas customers.

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by distribution channels, major products and geographical location of customers is as follows:

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Disaggregated by distribution channels		
– Self-operated retail sales	**83,491**	81,000
– E-sales	**11,849**	12,237
– Sales to distributors	**3,860**	5,366
– Wholesales	**8,925**	10,357
	108,125	108,960

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Disaggregated by major products		
– Bed linens	**62,611**	60,246
– Duvets and pillows	**41,436**	43,390
– Others	**4,078**	5,324
	108,125	108,960

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Disaggregated by geographical location of customers		
– Hong Kong and Macao	**83,331**	80,017
– Mainland China	**24,794**	28,943
	108,125	108,960

5. OTHER INCOME

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Bank interest income	**578**	882
Government subsidies	**119**	214
Dividend income	**40**	49
Rental income	**153**	–
Platform Service Income	**3,285**	–
Others	**335**	99
	4,510	1,244

6. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss before taxation has been arrived at after charging/(crediting):		
Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	**39,529**	39,431
Retirement benefit schemes contributions	**3,342**	3,333
Share-based payments	**–**	117
Total staff costs	**42,871**	42,881
Net reversal of allowance for inventories (included in cost of goods sold)	**(960)**	(153)
Cost of inventories recognised as expenses	**35,343**	36,420
Depreciation of property, plant and equipment	**6,017**	5,457
Depreciation of investment properties	**441**	536
Depreciation of right-of-use assets	**8,531**	8,675
Expenses relating to short-term leases	**5,143**	5,206
Variable lease payments not included in the measurement of lease liabilities	**7,440**	7,528

7. TAXATION

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax		
Hong Kong Profits Tax	**145**	148
Enterprise Income Tax ("EIT") in Mainland China	**–**	1
	145	149
Deferred taxation	**(145)**	55
	–	204

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2025: 16.5%) to the six months ended 30 June 2026, except for a 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 in 2025.

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

8. DIVIDEND

No dividends were paid, declared or proposed during the interim period (2025: Nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period (2025: 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:

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	**(7,878)**	(12,218)

	Six months ended 30 June	
	2026	2025
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**258,021,834**	257,854,000

The diluted loss per share for the six months ended 30 June 2026 and 30 June 2025 has not taken into account the effect of outstanding share options as exercise of such options would have anti-dilutive effect.

10. TRADE AND OTHER RECEIVABLES

	30.6.2026	31.12.2025
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables	**20,069**	34,368
Less: Loss allowance	**(1,991)**	(1,508)
Trade receivables, net	**18,078**	32,860
Deposits	**3,705**	4,731
Prepayments	**4,015**	4,329
Value added tax recoverable	**3,175**	3,888
Advances to employees	**1,341**	735
Other receivables	**1,769**	1,737
	14,005	15,420
Trade and other receivables	**32,083**	48,280

Retailing sales are mainly made at concession counters in department stores. The department stores collect cash from the ultimate customers 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 and bills receivables net of loss allowance presented based on the invoice dates at the end of the reporting period.

	30.6.2026	31.12.2025
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within 30 days	**7,719**	18,947
31 to 60 days	**4,181**	7,833
61 to 90 days	**2,732**	3,205
91 to 180 days	**1,576**	1,666
181 to 365 days	**1,645**	1,011
Over 365 days	**225**	198
	18,078	32,860

11. TRADE AND OTHER PAYABLES

	30.6.2026	31.12.2025
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade payables	**10,421**	13,281
Bills payables	**18,158**	22,864
Trade and bills payables	**28,579**	36,145
Deposits received from customers	**2,455**	2,073
Accrued expenses	**6,758**	8,301
Salaries payables	**3,656**	5,402
Payable for acquisition of property, plant and equipment	**776**	508
Other payables	**1,841**	1,192
Contract liabilities	**509**	514
	15,995	17,990
Trade and other payables	**44,574**	54,135

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 presented based on the invoice date at the end of the reporting period.

	30.6.2026	31.12.2025
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within 30 days	**12,293**	15,899
31 to 60 days	**6,326**	8,613
61 to 90 days	**4,179**	5,241
91 to 180 days	**4,570**	5,232
Over 180 days	**1,211**	1,160
	28,579	36,145

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In the first half of 2026, the conflict in the Middle East led to volatile fluctuations in international oil prices, while inflation concerns also weighed on the global economic outlook, in turn affecting consumer confidence in the Greater China Region. Amid a complex and challenging external environment, although the government of Mainland China actively stabilised employment and boosted consumption and domestic demand in the first half of 2026, total retail sales of consumer goods recorded a year-on-year increase of only 1.3%, marking a recent-year low, while GDP grew by 4.7% year-on-year, remaining within the official target range of 4.5% to 5.0%. During the Review Period, affected by employment prospects and inflationary pressure, consumer confidence in Hong Kong remained weak. The trend of Hong Kong residents travelling overseas and spending in Mainland China continued, and cross-border online shopping has gradually become a habit, resulting in intense competition in the Hong Kong retail market. Retail enterprises continuously step up promotional efforts and enhance operational efficiency in order to cope with the challenging operating environment.

BUSINESS REVIEW

There was no material change in the Group's operational and segmental information since the publication of the annual report for the year ended 31 December 2025. During the Review Period, total sales of the Group amounted to HK$108.1 million, representing a slight decrease of 0.8% as compared to HK$109.0 million for the corresponding period of 2025. During the Review Period, the loss attributable to owners of the Company was HK$7.9 million, representing a decrease of 35.5% as compared to the loss attributable to owners of the Company of HK$12.2 million for the corresponding period of 2025.

Adjusted Sales Channels

As of 30 June 2026, the Group had a total of 139 points of sales ("POS") (31 December 2025: 150), among which 95 were self-operated POS and 44 were distributor-operated POS. During the Review Period, the Group recorded a net reduction of 10 self-operated concession counters in Southern China, following the withdrawal from underperforming concession counters in department stores together with the reduction in POS resulting from department store closures. During the Review Period, despite the decrease in the number of self-operated POS (particularly in Mainland China), the Group's overall self-operated retail sales increased by 3.1% year-on-year, driven by an increase in revenue from the Group's self-operated concession counters in department stores in Hong Kong, as various department stores in Hong Kong actively rolled out promotional campaigns to attract consumers, coupled with better-than-expected promotional results at the self-operated retail stores in Hong Kong. As the distributor-operated POS faced a similarly challenging operating environment during the Review Period, sales to distributors of the Group decreased by 28.1% year-on-year.

In respect of the online retail business, the Group's official online store in Hong Kong frequently launched themed promotional campaigns during the Review Period, coupled with strengthened promotions of our membership program, bringing enthusiastic responses from customers, and resulting in an increase in e-sales in Hong Kong. In Mainland China, the Group adjusted its resources for self-operated online stores on prominent platforms such as TMall and JD.com, and revenue from the Group's e-sales recorded a decline. The overall e-sales of the Group during the Review Period remained relatively stable as compared to the corresponding period last year.

References are made to the announcement of the Company dated 6 February 2026 and the 2025 Annual Report, Casa Living New Retail (Guangdong) Co., Ltd.* ("Casa Living"), a non-wholly owned subsidiary of the Group, expanded its scope of operations to provide cross-border e-commerce platform, which contributed approximately HK$3.3 million in platform service fee income to the Group during the Review Period.

During the Review Period, the Group supplied items for giveaway campaigns and point redemption programs to various commercial customers in Hong Kong, including beauty and health product corporations, convenience stores, electrical appliance brands, hotels and personal care products brands. In addition, the Group provided original equipment manufacturing (OEM) products to a diverse range of customers. During the Review Period, due to a decrease in wholesale orders from Mainland China as compared to the corresponding period last year, the Group's revenue from wholesales decreased by 13.8% as compared to the corresponding period last year.

Enhanced Product Mix

In order to safeguard consumers' health while sleeping, the Group has been striving for enhancement of functions of our products. During the Review Period, the Group launched the "Go-Flex Pro Pillow" under the Casablanca brand, which features graphene material with far-infrared properties capable of absorbing, conducting or storing heat to maintain a comfortable sleeping temperature. In the first half of 2026, the Group also launched two new pillow products under the CASA Sleep-Lab brand, comprising the "Adjustable Double-Layer Silicone Pillow", designed to meet children's growth needs with detachable or stackable layers for freely adjustable height, and the "Chillax Slow-Rebound Memory Pillow", targeting the adult market.

During the Review Period, the sales of a series of licensed cartoon bedding products continued to bring significant contribution to the Group's revenue. In the first half of 2026, the Group launched new products featuring the popular Japanese anime character "Chiikawa" and the "LuLu the Piggy themed beding sets for the Year of the Horse", which received strong market demand and positively contributed to both the Group's revenue and brand promotion. Sales of licensed and authorised brand products of the Group for the Review Period decreased by 5.4% year-on-year when the Group restructured the mix of licensed cartoon products by launching new licensed products featuring "Care Bears", "The Peanuts", "Fujiya Pekochan", "Crayon Shin-chan", "The Moomins" and "Mr. Potato Head", which introduced licensed products for the first time, for replacement of some licensed products being expired.

Strengthened Brand Leadership Position

As a leading brand in the Greater China Region, the Group has continuously undertaken its responsibilities in consumer education and giving back to the community. The Group shares bedding-related tips and product care advice with consumers on social media from time to time, and also shares sleep habit-related information to help consumers select suitable products and develop healthy sleep habits. In addition, we have from time to time organised prize games on social media to enhance interaction with consumers. During the Review Period, the Group once again made product donations in response to last year's Tai Po fire, and delivered the donated products to elderly residents affected by the fire through social workers of the Tsung Tsin Mission of Hong Kong Fuk Hong Neighbourhood Elderly Centre, conveying warmth and care.

PROSPECTS

In the second half of 2026, the global economy is expected to remain affected by geopolitical developments, fluctuating oil prices and recurring inflation, continuing to weigh on the real purchasing power and consumer confidence of households in the Greater China Region. In respect of Mainland China, various economic indicators in the first half of 2026 demonstrated that the economy remained resilient, although the recovery in domestic demand has yet to gain broad-based momentum, with consumers placing greater emphasis on "value for money" in their spending on non-essential goods. Following the approval by the State Council in July 2026 of the Plan for Expanding Consumption during the 15th Five-Year Plan Period, the market is expected to improve in respect of retail demand in Mainland China with policy support. As for the Hong Kong market, a recent survey conducted by a Hong Kong credit reference agency indicated that respondents' key concerns centred on the risk of economic recession, uncertain employment prospects and inflationary pressure on daily necessities, reflecting that consumer confidence among Hong Kong residents remains affected by the macro environment and the cost of living, with a growing tendency towards prudent cash flow management and expenditure control. In light of the above environment, the Group will continue to prudently manage costs and operational efficiency in the second half of 2026, focusing on providing quality products that are competitive in both price and quality, with a view to maintaining steady development and capturing future market opportunities.

Mainland China

In the second half of 2026, the Group will continue to review the operating efficiency of each self-operated POS and optimise the product mix at each POS, with a view to enhancing same-store sales. At the same time, the Group will strengthen the development of, and offer greater privileges under, the Casablanca Prestige Club membership system across its self-operated sales channels nationwide, so as to attract greater patronage from loyal customers. In terms of sales to distributors, the Group will step up efforts in recruiting business partners on online platforms and place particular emphasis on encouraging distributors to develop retail store sales channels, while assisting distributors in launching "WeiMall" to generate early-stage customer traffic and achieve the integration of online and offline business for distributors.

In the area of wholesale business, the Group will focus on securing product orders and original equipment manufacturing (OEM) production orders from major chain store clients in the second half of 2026. In addition, the Group is in discussions with well-known enterprises in Mainland China regarding the procurement of the Group's branded products for resale or exchange.

For the online business, the Group plans to comprehensively revamp the page design of its online sales channels, including its online stores on platforms such as JD.com, Taobao and TMall, integrating the Italian Renaissance style with contemporary minimalist trends to create a "New Oriental Cultural" brand image, with a focus on promoting premium bedding products. In addition, the Group will launch its own-brand WeChat mini-program, leveraging the advantages of all-staff sales and promotion to strengthen the connection between the brand and its members and achieve synergies between online and offline promotional efforts.

Following underperformance relative to the prescribed operational targets by Casa Living's management team, two meetings between shareholders were held in late July 2026 to discuss strategic options. No consensus has been reached regarding the next step, being either to make further capital contributions or to dissolve Casa Living. Consequently, all business operations of Casa Living have been temporarily put on hold from August 2026, pending a final decision of the shareholders.

Hong Kong

In preparation for the traditional peak season for bedding sales in the second half of 2026, the Group will, as in previous years, organise festive promotional campaigns for cartoon products in August. The Group will also introduce an additional large-scale promotion across all self-operated retail stores in September, in hopes of seizing the business opportunities brought by more frequent family outings during the summer holiday. In addition to participating in major promotional campaigns organised by various department stores in the second half of the year, the Group will also launch the "30+ Blossom Dreamscape" campaign from September to October in celebration of its 33rd anniversary, further promoting the Group's quality bedding products made from various materials, and will hold a shopping lucky draw for the 33rd anniversary. Furthermore, the Group plans to launch new products featuring various popular licensed cartoon characters in the fourth quarter of 2026, which is expected to receive favourable market response.

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 favourable long-term returns to the shareholders of the Company (the "Shareholders").

FINANCIAL REVIEW

Revenue

During the Period, the Group achieved revenue of HK$108.1 million (2025: HK$109.0 million), which slightly decreased by 0.8% as compared to the corresponding period last year. The decrease in overall revenue of the Group for the Period was primarily due to decreases in sales in Mainland China.

Self-operated retail sales during the Period amounted to HK$83.5 million (2025: HK$81.0 million), accounted for approximately 77.2% (2025: 74.4%) of the total revenue, representing an increase of 3.1% as compared to the corresponding period last year as a result of the successful promotion activities in self-operated retail stores in Hong Kong. E-sales for the Period amounted to HK$11.8 million (2025: HK$12.2 million) at almost the same level as the corresponding period last year. During the Period, sales to distributors decreased by 28.1% to HK$3.9 million (2025: HK$5.4 million) since our distributors faced the same difficult operating environment in Mainland China. Wholesales decreased by 13.8% to HK$8.9 million (2025: HK$10.4 million) mainly attributable to the decrease in wholesales in Mainland China.

In terms of brands, sales of our proprietary brands, which accounted for approximately 81.6% (2025: 79.9%) of the Group's revenue, increased by 1.3% to HK$88.2 million (2025: HK$87.1 million) due to more marketing promotion efforts during the Period. Sales of our licensed and authorised brands decreased by 5.4% to HK$18.5 million (2025: HK$19.6 million) due to lower sales of bedding products featuring licensed cartoon characters in Hong Kong and Macao during the Period when the Group restructured the mix of licensed cartoon products.

In terms of products, sales of bed linens and sales of duvets and pillows during the Period were HK$62.6 million (2025: HK$60.2 million) and HK$41.4 million (2025: HK$43.4 million) respectively. The increase in sales of bed linens by 3.9% during the Period was mainly due to the increase in sales in Hong Kong and Macao. The decrease in sales of duvets and pillows by 4.5% during the Period was mainly attributable to the decrease in sales in Mainland China. During the Period, sales of other products decreased by 23.4% to HK$4.1 million (2025: HK$5.3 million). The decrease in sales of other products during the Period was mainly due to less sales of other products online.

In terms of regions, revenues during the Period were HK$83.3 million (2025: HK$80.0 million) from Hong Kong and Macao and HK$24.8 million (2025: HK$28.9 million) from Mainland China. The increase in revenue from Hong Kong and Macao by 4.1% was attributable to successful promotion activities for increasing sales of self-operated retail stores in Hong Kong. The decrease in revenue from Mainland China by 14.3% was primarily due to decreases in online sales, sales to distributors and wholesales in Mainland China during the Period.

Gross Profit and Gross Profit Margin

During the Period, the Group recorded gross profit at the similar level at HK$73.7 million (2025: HK$72.7 million). The overall gross profit margin for the Period was at 68.2% (2025: 66.7%).

Other Income

Other income for the Period increased significantly by 262.5% to HK$4.5 million (2025: HK$1.2 million). The increase in other income was mainly attributable to the new platform service income of HK$3.3 million (2025: Nil) received by Casa Living during the Period.

Expenses

Selling and distribution costs for the Period at HK$64.9 million (2025: HK$64.9 million) and administrative expenses for the Period at HK$21.6 million (2025: HK$22.0 million) maintained at the similar level as compared to the corresponding period last year.

Loss for the Period

The Group's loss for the Period significantly decreased by 38.0% to HK$8.3 million (2025: HK$13.4 million) as a result of the increase in other income. The loss attributable to owners of the Company for the Period significantly decreased by 35.5% to HK$7.9 million (2025: HK$12.2 million).

Liquidity, Financial Resources and Capital Structure

During the Period, the Group adhered to the principle of prudent financial management in order to minimise financial and operational risks. The Group mainly financed its operations with internally generated cash flows. The financial position of the Group was healthy with net cash at 30 June 2026.

	As at 30 June 2026	As at 31 December 2025
	HK$'000	*HK$'000*
Total bank borrowings	**7,631**	2,794
Pledged bank deposits and bank balance and cash	**142,215**	134,452
Total assets	**435,838**	433,150
Total liabilities	**74,691**	71,149
Total equity	**361,147**	362,001
Current ratio	**3.6**	3.6
Gearing ratio *(Note)*	**2.1%**	0.8%

Note: Gearing ratio is calculated as total bank borrowings divided by total equity. The Group was at net cash position, with pledged bank deposits and bank balances and cash more than total borrowings, at 30 June 2026 and 31 December 2025.

As at 30 June 2026, the pledged bank deposit of the Group was approximately HK$5.4 million (31 December 2025: HK$6.9 million), which was denominated in RMB (31 December 2025: RMB), and the bank balances and cash of the Group were approximately HK$136.8 million (31 December 2025: HK$127.6 million) which were denominated mainly in HKD and RMB, except for about 0.4% (31 December 2025: 0.2%) in United States Dollar, Pound Sterling and Euro.

As at 30 June 2026, the bank borrowings of the Group were approximately HK$7.6 million (31 December 2025: HK$2.8 million), which were denominated as to 100.0% in HKD and RMB (31 December 2025: RMB) with all balances repayable not more than three years, for strengthening the cash-flow of the Group. Despite loss for the Period, the Group had healthy financial position during the Period with available net cash about HK$134.6 million as at 30 June 2026 (31 December 2025: HK$131.7 million) which would be sufficient for its present operations in absence of unforeseen circumstances.

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 appreciated by about 4.0% against HKD during the Period (the year of 2025: appreciated by about 4.2%). The management has been aware of the possible exchange rate exposure due to the continuing fluctuation of RMB and its impact on the performance of the Group.

With an aim of hedging arrangement for mitigating RMB/HKD currency risk arising from loans in RMB to a subsidiary in the PRC, the Group on 17 January 2025 entered into a foreign exchange forward contract with a bank in Hong Kong in the principal amount of RMB14 million which was settled on 30 December 2025.

When RMB against HKD appreciated during the Period, the Group recorded the unrealised exchange gain of HK$1.3 million (2025 loss: HK$0.9 million) on RMB loans to the PRC subsidiary for the Period. As at 30 June 2026 and the date of this announcement, the Group does not have 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. The Board will closely monitor the situation to see if any further hedging arrangement is necessary.

Pledge of Assets

As at 30 June 2026, no leasehold land and buildings were pledged to banks as securities for banking facilities granted to the Group (31 December 2025: Nil). The Group had pledged only its fixed deposits with an aggregate value of HK$5.4 million (31 December 2025: HK$6.9 million) to certain banks to secure banking facilities granted to the Group at 30 June 2026.

Contingent Liabilities

As at 30 June 2026, the Group did not have any significant contingent liabilities.

Employee and Remuneration Policy

As at 30 June 2026, the employee headcount of the Group was 473 (2025: 513) and the total staff costs, including Directors' remuneration, for the Period amounted to HK$42.9 million (2025: HK$42.9 million). The decrease in the employee headcount was mainly due to less salespersons employed in Mainland China with a decrease in number of self-operated concession counters during the Period. With 40 employees less, mainly in Mainland China, at 30 June 2026 as compared to 30 June 2025, the Group's total staff costs reported in HKD for the Period remained almost the same as the corresponding period of last year due to the appreciation of RMB during the Period although the PRC staff costs in RMB for the Period was less than that of the last year.

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

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures for the Period.

Significant Investments

As at 30 June 2026, the Group did not hold any significant investments save as those disclosed in this announcement.

Financial Assets at Fair Value Through Profit or Loss

The financial assets at FVTPL represent the Group's investments in shares of companies being constituents of Hang Seng Index as listed on the Stock Exchange which were held for medium-to long-term investment purposes. As at 30 June 2026, the Group had total investments with fair value of HK$1.0 million (31 December 2025: HK$4.0 million) which were not more than 5% of the Group's total assets. The decrease in financial assets at FVTPL was mainly attributable to the disposal of investments in listed shares during the Period. As the Group's investments were constituents of Hang Seng Index as listed on the Stock Exchange, they were expected to bring returns to the Group in the long run in addition to steady dividend income every year. Dividend income for the Period from these investments in shares of companies listed on the Stock Exchange was HK$0.1 million (2025: HK$0.1 million).

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 and investment properties to strive for better return in the medium- to long-term from surplus cash on hand. As at 30 June 2026, 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 30 June 2026, the Group leased out investment properties with total carrying amount of HK$13.2 million under operating leases which run for five years. As at 31 December 2025, the investment properties of the Group with total carrying amount of HK$18.1 million were vacant on offer for leasing out.

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.

Update on Discloseable Transaction in relation to Joint Venture Company

Reference is made to the relevant disclosures in the 2025 Annual Report of the Company in relation to the joint venture company (a non-wholly-owned subsidiary of the Group). Casa Living commenced its first stage of the Cross-border E-commerce Project in early 2026 to provide sellers with a platform, which was on lease, for selling products to overseas consumers in return for service fees charged. During the Period, Casa Living had achieved service income at HK$3.3 million from its platform rental business (2025: Nil).

Casa Living suffered operation loss for the Period and reported negative total equity at 30 June 2026. Following underperformance relative to the prescribed operational targets by Casa Living's management team, two meetings between shareholders were held in late July 2026 to discuss strategic options. No consensus has been reached regarding the next step, being either to make further capital contributions or to dissolve Casa Living. Consequently, all business operations of Casa Living have been temporarily put on hold from August 2026, pending a final decision of the shareholders.

As at the date of this announcement, the Board considers that there will be no material adverse effect on the operation and financial positions of the Group even if Casa Living is dissolved and the business and operations of the Company remain normal and stable. Being a subsidiary of the Group, the results of Casa Living had been consolidated to the Group's financial statements for the Period and reflected in full.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Review Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

UPDATE ON DIRECTORS' INFORMATION

There is no change in information of the Directors since 31 December 2025 that is required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct for the Directors in their dealings in the Company's securities on terms no less than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules (the "Model Code"). Having made specific enquiry to all the Directors, all the Directors confirmed that they had complied with the required standard of dealings as required by the Company's code of conduct and the Model Code throughout the Review Period.

REVIEW OF INTERIM RESULTS

The Company has established the audit committee in compliance with rule 3.21 of the Listing Rules and code provision D.3 of the CG Code for the purpose of reviewing and supervising the Group's financial reporting system, risk management and internal control systems. The audit committee of the Company, comprising three Independent Non-executive Directors, namely Mr. Lo Siu Leung, Dr. Cheung Wah Keung and Mr. Chow On Wa, and chaired by Mr. Lo Siu Leung, has reviewed the results (including the unaudited condensed consolidated financial statements) of the Group for the six months ended 30 June 2026.

** For identification purpose only.*

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

Hong Kong, 21 August 2026

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.