**For immediate release** **22 November 2012**

# Sparkle Roll Group Limited

**Stock Code: 0970.HK**

## Announces Interim Results for the 6 Months Ended 30 September 2012

| **Financial Highlights (HK$'000)** | **For the six months ended 30 September 2012** | | |
|---|---|---|---|
| | **2012** | **2011** | Change |
| Turnover | **1,541,476** | **2,087,221** | -26.15% |
| Gross profit | **173,591** | **223,248** | -22.24% |
| Profit for the period | **59,932** | **111,606** | -46.30% |
| Profit attributable to owners of the company | **59,844** | **111,923** | -46.53% |
| Interim dividend per share (Recommended) | **HK0.2 cent** | **HK0.5 cent** | -60% |

(Hong Kong, 22 November 2012) – Sparkle Roll Group Limited ("Sparkle Roll" or "the Group")(Stock Code: 0970.HK), principally engaged in the distribution and dealerships of top-tier luxury goods in the PRC, announced its interim results for the 6 months ended 30 September 2012 (the "Period").

During the period, the Group recorded a decrease in revenue, of approximately HK$ 1.54 billion (2011: HK$2.09 billion), representing a decrease of 26.15% compared with last year. Gross profit in the year amounted to approximately HK$ 173.59 million (2011: HK$ 223.25 million), representing a decrease of 22.24%. Profit for the year was HK$ 59.93 million (2011: HK$111.61 million), approximately 46.30% decrease compared to the previous year. Profit attributable to the owners of the company was HK$ 59.85 million (2011: HK$111.92 million), representing a decrease of approximately 46.53%. The decrease in profit of the Group for this interim period is mainly attributable to the drop in segmental turnover of automobiles dealership business caused by the softening of economic growth and the competitive market.

The Board of Directors has resolved to recommend the payment of an interim dividend out of the contributed surplus of the Group in respect of the current period of HK0.2 cent (2011: HK0.5 cent) per share.

**Business Review**

***Automobile Distributorships***

The revenue from the sales of the ultra-luxury automobile for the distributorship of Bentley, Lamborghini and Rolls-Royce recorded a 32.1% decrease to HK$1.307 billion, compared with HK$1.926 billion in the previous financial period. All ultra-luxury cars under the Group have recorded adverse sales results during this financial period. Among the 3 ultra-luxury brands under our Group, Bentley has performed the best with 179 units sold(2011: 234 units), representing only a 23.5% decrease in units sold when compared with the previous financial period.

Revenues from after-sales services of this interim period outperformed and reached approximately HK$44.3 million, an increase of 37.3% compared with the same period last year. We expect after-sale income will further grow steadily in the upcoming financial periods.

Regarding Lamborghini dealership, as the opportunity to operate dealership in other ultra-luxury brands in Dalian in the future is quite remote, we decided to sell out our 51% interest in the Lamborghini dealership in Dalian so as to stay focused on the Beijing dealership of Lamborghini in the upcoming financial periods.

***Watch Distributorships***
During the current financial period, the sales performance of our super deluxe branded watch division recorded a drop of all brands under the Group but it recorded an improved margin of 42% versus 28% in the previous financial period. The increase of the margin reflected the well recognition of the watch brands by the market. For Parmigiani, a total of 115 watches were sold, a 31.1% drop compared with 167 in the previous interim period but it contributed over half of this sector's total income. Since the Beijing Sparkle Roll Luxury World (China Headquarter) and Tianjin Sparkle Roll Luxury World have just been under full operation, the Group is confident that both malls will boost the sales of the watch division in the upcoming financial periods.

***Jewellery Distributorships***
Jewellery Division has outperformed during the interim period with a total turnover of approximately HK$22.8 million, an increase of 22.6% compared with the same period last year with a total of 271 pieces of jewellery sold. Coupled with the expanded points of sales, along with the growing acceptance and popularity of both brands under our Group, the Group is optimistic that our jewellery sector will gain further momentum in the upcoming financial periods.

Boucheron, the first renowned top-tier brand we acquired, has outperformed during this financial year. Sales increased 30% compared with the previous financial period, reaching around HK$21.3 million (2011: HK$16.4 million), with improved gross margin to 54% versus 42% in the previous financial year.

***Fine Wine Distributorships***
Overall performance of the wine section was brilliant during the interim period with total sales of HK$110.4 million. Sales of top fine wines rocketed over 50 times from HK$1.9 million to HK$106.2 million. However, sales of Ex-Chateaux (逸仕賞度), the Group's self-created Bordeaux fine wine brand, dropped 42.9% during this financial period to HK$4.2 million. The trademark of Ex-Chateaux has been registered in Hong Kong, the PRC, the EU and Taiwan.

Upon the operating the cozy wine cellar located in Beijing Sparkle Roll Luxury World (China Headquarter) and Tianjin Sparkle Roll Luxury World, coupled with advertising and promotional campaigns, we hope to start building up a distribution network in the foreseeable future. Additionally, we disposed of our investment in wine futures or "En Primeur 2010" during this financial period and recorded disposal gain of approximately HK$13.8 million.

| **Revenue by Segment (HK$'000)** | **For the 6 months ended 30 September** | | | |
|---|---|---|---|---|
| | **2012** | % of total turnover | 2011 | % of total turnover |
| Sale of automobiles & after-sale services | **1,351,267** | 87.66% | 1,958,501 | 93.83% |
| Sale of branded watches | **56,974** | 3.70% | 102,846 | 4.93% |
| Sale of branded jewelleries | **22,790** | 1.48% | 16,565 | 0.79% |
| Sale of fine wines | **110,445** | 7.16% | 9,309 | 0.45% |
| Total | **1,541,476** | 100% | 2,087,221 | 100% |

Mr. Ivan Tong, Chairman of Sparkle Roll, said, "Due to the volatile global market conditions caused by the Eurozone debt crisis, risk of the Fiscal Cliff in the US and a slowdown in China's growth, the performance of China's economy was undoubtedly affected. However, China is still expected to be the fast moving market in luxury products. With China becoming the world's largest luxury market and playing a more prominent role in the global luxury market, the Group is hoping to expand the non-auto section business in the PRC. Upon the 1st Beijing Sparkle Roll Luxury Brands Culture Expo 2012 Fall" successfully held in Beijing, the Group plans to organize a 3-day mini luxpo at Taiyuan, Shanxi at the end of December 2012. In 2013, we are planning to organize a luxury forum and the second Luxpo in Beijing in addition to a few mini luxpos. The purposes of organizing luxpos not only provide a platform to bridge the East and the West, thus bringing more luxury brands from Europe into the PRC but also enhancing the prominence of Sparkle Roll Group as a reputable and professional brand manager for luxury brands as well as fostering a closer relationship with existing brands and customers, potential or existing, through the roadshows of luxpos "

Mr. Tong added "Looking ahead, the Group is still cautiously optimistic towards the luxury goods markets in the PRC. We will continue to adopt a prudent approach to eye on new business expansion in the non-auto section including opportunities in the audio-video sector to increase our presence and expand our luxury goods market in the PRC."

**About Sparkle Roll Group Limited (Stock Code: 0970.HK)**

Sparkle Roll Group Limited is principally engaged in the distribution and dealerships of top-tier luxury goods in the PRC, including dealerships of ultra-luxury automobiles such as Bentley in Beijing and Tianjin, Lamborghini in Beijing and Rolls-Royce in Beijing and Tianjin; exclusive distributorships of super deluxe branded watches Richard Mille, DeWitt, Parmigiani in the PRC; exclusive global distributorship of deLaCour's BiTourbillon; cohesive partnership with top-tier branded jewellery Boucheron, and exclusive distributorships of Royal Asscher in the PRC respectively; cohesive partnership with renowned French fine wines merchant Duclot Export in the PRC and dealerships of Bordeaux fine wines from renowned French fine wines merchants Maison Joanne, Ulysse Cazabonne and Compagnie Medocaine Des Grands Crus in the PRC. As for other businesses, in October 2011, the Group entered into a cooperation agreement with Buben & Zorweg Group, a top-notch manufacturer in OBJECTS OF TIME based in Austria.

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