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Sparkle Roll Group Limited

Stock Code: 970.HK

Announces Annual Results for the 12 Months Ended 31 March 2014
Consolidate Core Business and Actively Expand Non-auto Businesses

Financial Highlights (HK$'000)	For the 12 months ended 31 March		
	2014	2013	Change%
Revenue	**3,161,848**	3,015,554	4.9
Gross profit	**162,266**	284,874	-43.0
Net Profit	**17,274**	65,967	-73.8
Profit attributable to owners of the company	**18,951**	66,304	-71.4
Final dividend per share	-	0.3 cent	-

(Hong Kong, 23 June 2014) – Sparkle Roll Group Limited ("Sparkle Roll" or "the Group")(Stock Code: 970.HK), principally engaged in the distribution and dealerships of top-tier luxury goods in the PRC, announced its annual results for the 12 months ended 31 March 2014 (the "Year").

During the year, the Group recorded revenue of HK$3.16 billion (2013: HK$3.02 billion), representing an increase of 5% compared with last year. Gross profit in the year amounted to HK$162.3 million (2013: HK$284.9 million), representing a decrease of 43%. The drop in gross profit was mainly due to the compressed profit margin of auto sales in this financial year versus the previous one. The auto business was a major income driver, accounting for approximately 94% of our business. Net profit was HK$17.3 million (2013: HK$66 million), representing a decrease of 73.8%, which was mainly due to the significant decrease in gross profit margin of the Group's automobile dealerships business in the PRC, resulting from keen competition due to an increase in the number of dealers established in cities near Beijing and Tianjin. Additionally, a significant decrease in gross profit margin of the jewellery business and a substantial drop in sales of top fine wines of the Group were the reasons behind the substantial drop in net profit.

The Board of Directors has recommended not to offer a final dividend for this financial year. The Group would like to reserve more capital to meet the challenges ahead.

Business Review

Automobile Dealerships

During the year, revenue of the ultra-luxury automobile distributorships of Bentley, Lamborghini and Rolls-Royce was HK$2.85 billion (2013: HK$2.65 billion), representing an increase of approximately 8% compared with the previous financial year. Of our 3 brands, Rolls-Royce and Lamborghini recorded higher sales while Bentley's sales dropped due to a launch of the new model named New Flying Spur, replacing the previous model of Continental Flying Spur, in which its sales were vacuum for some months, Rolls-Royce has performed the best among the Group's other brands

with a total sales of HK$1.272 billion (2013: HK$1.024 billion), representing a 24% increase compared with last year.

Bentley Motors's sales hit five digits, selling 10,120 cars worldwide in 2013, the most ever in Bentley's 95 years in existence. Much of that sales growth has been spurred by Bentley's all-new Flying Spur sedan, a car that starts at just over US$184,000.

Lamborghini Beijing has recorded a 2% rise in sales to HK$201.9 million during this financial year (2013: HK$197.8 million).

Bentley recorded a decline in sales among our 3 brands during this financial year with a total of HK$1.375 billion (2013: 1.424 billion), representing a decrease of 3%.

Encouragingly, income from provision of after-sales services was stable and continued to increase during this financial year. Total revenue recorded a 25% increase during this financial year compared with the previous financial year. Regarding the gross profit margin, we recorded a drop from 58% to 51% during the past two financial years.

Watch Distributorships

During the year, the performance of our super deluxe branded watch division recorded a drop. Richard Mille recorded a rise of 2%, with a total of 83 watches sold (2013: 81 watches) , compared with the previous financial year. Parmigiani, another brand under our portfolio, recorded a rise of 17%, with a total of 222 watches sold (2013: 189 watches) , compared with the previous financial year. DeWitt recorded lower sales during this financial year compared with the previous financial year with a total of 20 watches sold. DelaCour, after switching to its basic models from Bi-Tourbillon models, performed the best among the brands with a total of 6 watches sold (2013: 1).

In January 2014, the Group established shop-in-shop of Dewitt in Chengdu hoping to extend our foothold in China's second-tier cities so as to bring fruitful returns to our shareholders.

Jewellery Distributorships

We are very glad to see sales of top-tier branded jewellery increased in terms of quantity and sales amount. A total of 764 pieces were sold during this financial year (2013: 469 pieces), representing an increase of 63% compared with the previous financial year. Boucheron, the first renowned top-tier brand we acquired, performed well during this financial year with a total of 748 pieces of jewelry sold (2013 : 442 pieces) , representing a 69% increase compared with the previous financial year. Boucheron established a shop in Chengdu in January 2014. Royal Asscher, another high-end brand under our Group, has recorded a drop in sales during this financial year at HK$1.36 million (2013: HK$2.6 million), down 48% over the previous financial year. During this financial year, the brand has entered the second-tier city of Chengdu and opened a shop-in-shop in January 2014. The brand plans to extend its foothold to Tianjin, Wuhan and Macau during this financial year.

Fine Wines Dealerships

Due to the anti-extravagance campaign being run in Mainland China, the overall performance of the fine wines division substantially slowed down in this financial year. Total sales during this financial year reached HK$7.71 million. Sales of top fine wines was HK$1.1 million (2013 : HK$107.2 million).

Nevertheless, sales of the Group's private label wine – "Ex-Chateaux"（逸仕賞度）– launched in collaboration with our partner negociants from Bordeaux, dropped only 13% during this financial year to HK$6.64 million compared with the last financial year.

Additionally, we are glad to report that we have already disposed of almost all of our investment in wine futures or "En Primeur 2010" during the previous financial year so that no impairment is needed.

The Group continues to develop a distribution network for "Ex-Chateaux"（逸仕賞度）in the PRC. Furthermore, we have entered into a Management Agreement with a company beneficially 95% owned by Mr. Qi Jianhong, who is a substantial shareholder of the Group, on 12 May 2014 to provide management services in the sales and marketing of Moutai Jackie Chan Liquor（茅台成龍酒）in the PRC.That company has its own distribution network of Moutai Jackie Chan Liquor（茅台成龍酒）in the PRC, and we believe this would create a synergy effect with our existing China fine wine business.

Other Distributorships

Buben & Zorweg, a top-notch Austrian manufacturer in Objects in Time, performed well during this financial year, recorded sales of 20 pieces of high-end products during this financial year.

The brand Bang & Olufsen had a satisfactory performance during this financial year, recording sales of 6,181 pieces of high-end products of B&O PLAY. For B&O PLAY, the Group is currently operating 32 POS and we intend to open 5 POS before the end of 2014.

Revenue by Segment (HK$'000)	**For the 12 months ended 31 March**			
	2014	% of total turnover	2013	% of total turnover
Sales of automobiles and provision of after-sale services	**2,968,028**	93.9 %	2,740,749	90.9
Sales of branded watches	**120,285**	3.8 %	125,329	4.2
Sales of branded jewellery	**44,104**	1.4 %	34,613	1.1
Sales of fine wines	**7,710**	0.2 %	114,864	3.8
Sales of audio equipment	**21,721**	0.7 %	-	-
Total	**3,161,848**	100%	3,015,555	100%

Mr. Ivan Tong, Chairman of Sparkle Roll, said, "Although the business environment of the automobiles business was full of challenges due to a crackdown on extravagant spending by government officials, the Group strived to minimize the negative impacts during the year. Looking ahead, the Group will continue to consolidate its core business and at the same time, expand the non-auto businesses to diversify our product portfolio. The Group is eyeing joint ventures of non-auto businesses with capable partners to leverage on their resources, expertise and experience. Although we still have confidence in the auto business, which is the Group's core business, our strategy is to put more effort to develop and expand the non-auto businesses so as to bring profitable returns to our shareholders in future."

In view of both of the yearly exhibitions held in Beijing, "Beijing Sparkle Roll Luxury Brands Culture Expo" ("SR Luxpo") and "Beijing Sparkle Roll Luxury Brands Culture Pinnacle Forum & Distinguished Exhibition" ("SR Luxfo"), our objectives are to bridge east and west so as to foster cultural exchange. We also want to be a responsible corporation to carry out social responsibility through a series of crossover activities with charitable organizations namely "Jackie Chan Charitable

Foundation Beijing" & "China Soong Ching Ling Foundation". Through those crossover charitable activities, we are hoping to contribute positively to local communities and non-profit organizations. We believe in social responsibility which is one of the pillars of a responsible corporation. That will bring long-term values to the Group and our shareholders. At the same time, the Group promotes SR Luxpo and SR Luxfo to the members of "SR Honor Club", which is a database of over 10,000 members derived from our customers in all walks of life. They will be able to interact with our exhibitors who are eager to come to China for business opportunities.

Mr. Tong added, "Based on the sales of automobiles in the recent weeks and barring unforeseen cirumstances and polices, we believe that our overall luxury business should have bottomed out, though recovery is gradual."

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 and Rolls-Royce in Beijing; 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 jewelry 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 distributorships of Bordeaux fine wines from renowned French fine wines merchants Maison Joanne, Ulysse Cazabonne and Compagnie Medocaine Des Grands Crus in the PRC; approved dealerships of Chateau Latour, Domaine d' Eugenie, Chateau Margaux, Chateau de D' Yquem and Chateau Mouton Rothschild. 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. In January 2013, the Joint Venture of the Group has become the retailer of the Danish luxury audio visual electronics brand Bang & Olufsen (B&O) and the retailer and distributor of B&O PLAY in the PRC. Currently, the Joint Venture has opened 9 POS for B&O in Beijing, Zhengzhou, Shanghai and Shijiazhuang respectively. For B&O PLAY, the Group is currently operating 32 POS and intends to open 5 POS before the end of 2014.

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For enquiries, please contact **PR ASIA Consultants Limited**
T.L. Chow/ Kate Chan/ Stephanie Lai
Tel: (852) 3183 0231 / (852) 3183 0232 /(852) 3183 0240
Fax: (852) 2583 9138
Email: tl.chow@prasia.net / kate.chan@prasia.net/stephanie.lai@prasia.net