

For immediate release

22 Nov 2016



## Sparkle Roll Group Limited

Stock Code: 970.HK

### Announcement of Interim Results for the Six months ended 30 September 2016

| <b>Financial Highlights</b><br>(HK\$'000)           | <b>Six Months Ended 30 September</b> |             |                   |
|---|--------------------------------------|-------------|-------------------|
|   | <b>2016</b>                          | <b>2015</b> | <b>Change</b>     |
| <b>Revenue</b>                                      | <b>1,369,359</b>                     | 1,211,351   | +13.0%            |
| <b>Gross Profit</b>                                 | <b>147,817</b>                       | 101,844     | +45.2%            |
| <b>Gross Profit Margin</b>                          | <b>10.8%</b>                         | 8.4%        | +2.4ppt           |
| <b>Profit attributable to owners of the company</b> | <b>34,214</b>                        | (23,291)    | Turn loss to gain |

(Hong Kong, 22 Nov 2016) – Sparkle Roll Group Limited (“Sparkle Roll” or the “Group”) (Stock Code: 970.HK), principally engaged in distributorships and dealerships of top-tier branded consumer goods, announced its interim results for the six months ended 30 September 2016 (the “Period”).

During the Period, the Group recorded revenue of HK\$1,369.4 million (2015: HK\$1,211.4 million), representing an increase of 13.0% compared with last corresponding period. The increase was due to increase of sales volume of automobiles. Gross profit was HK\$147.8 million (2015: HK\$101.8 million), representing an increase of 45.2% compared with last corresponding period. The increase was mainly due to the increase in gross profit from sales of automobiles resulted from the launch of a new model of Bentley SUV as well as significant improvement in sales of Rolls-Royce. The gross profit of the automobiles segment increased from HK\$36.2 million for the period ended 30 September 2015 to HK\$87.8 million for the period ended 30 September 2016. Profit attributable to owners of the company was HK\$34.2 million (2015: loss of HK\$23.3 million).

The Board does not recommend to declare an interim dividend for the Period. The Group would like to reserve more capital to capture opportunities and meet the challenges ahead.

#### Business Review

##### Automobile Dealerships

During the Period, all ultra-luxury cars under our portfolio – Lamborghini, Bentley and Rolls-Royce recorded positive sales results. Lamborghini performed the best with the largest sales increment, amounting to HK\$89.6 million (2015: HK\$55.0 million), representing an increase of 62.9% in sales compared with last corresponding period. A total of 22 units of Lamborghini were sold (2015: 13 units), representing an increase of 69% as compared with last corresponding period.

A total of 74 units of Rolls-Royce were sold (2015: 63 units), representing an increase of 17% as compared with last corresponding period. A total of 191 units of Bentley were sold (2015: 170 units), representing a 12% increase as compared with last corresponding period. During the Period, gross profit margins of Bentley and Rolls-Royce improved while that of Lamborghini declined, and the Group continued enjoying bonus from the brands.

**Watch Dealerships & Jewellery Distributorships**

During the Period, the sales performance of our super deluxe branded watch division recorded a decline in revenue showing an approximate 10.6% decrease to approximately HK\$63.8 million (2015: HK\$71.4 million). 112 pieces of watches were sold (2015: 122 pieces) during the Period. Brands included Richard Mille, Parmigiani, DeWitt, DelaCour and Buben & Zorweg. 325 pieces of jewellery were sold (2015: 204 pieces) during the Period. Brands included Boucheron and Royal Asscher. Among these brands, Richard Mille performed the best in terms of revenue contribution.

The gross profit margin of Watch division declined during the Period from 18.4% in the last corresponding period to 14.9% while gross profit margin of Jewellery division also slightly decreased from 37.6% in the last corresponding Period to 37.4%.

**Others**

During the Period, the sales performance of our Others division performed satisfactorily with revenue recorded an approximate 59.6% increase to approximately HK\$43.9 million, as compared with that of approximately HK\$27.5 million in the last corresponding period.

Among all brands under this division including fine wine, audio equipment, menswear apparel and accessories and cigars and smoker's accessories, Bang & Olufsen performed the best in terms of revenue contribution, attributable to both sales from our point-of-sale and e-commerce sales of B&O PLAY for the six months ended 30 September 2016.

| <b>Revenue by Segment<br/>(HK\$'000)</b>                                 | <b>Six Months Ended 30 September</b> |                                |             |                                |
|--|--------------------------------------|--------------------------------|-------------|--------------------------------|
|  | <b>2016</b>                          | <b>% of total<br/>turnover</b> | <b>2015</b> | <b>% of total<br/>turnover</b> |
| <b>Sales of automobiles<br/>and provision of<br/>after-sale services</b> | <b>1,248,521</b>                     | <b>91.2</b>                    | 1,103,461   | 91.1                           |
| <b>Sales of branded<br/>watches &amp; Jewelleries</b>                    | <b>76,933</b>                        | <b>5.6</b>                     | 80,382      | 6.6                            |
| <b>Others</b>  | <b>43,905</b>                        | <b>3.2</b>                     | 27,508      | 2.3                            |
| <b>Total</b>   | <b>1,369,359</b>                     | <b>100</b>                     | 1,211,351   | 100                            |

Mr. Ivan Tong, Chairman of Sparkle Roll, said, "Luxury cars in the PRC have been adversely affected by the current Chinese Government's corruption crackdown. However, the outlook for the luxury car market in China is promising. It is expected that by 2020, China will become the world's leading luxury car market, leaving the United States behind, Automobile dealerships are our primary focused business. Looking forward, given the still challenging environment of the luxury goods markets in the PRC, the Group is nonetheless cautiously optimistic and committed to continue our leading roles as a luxury goods manager. As regards "Sparkle Roll Online" project, the Group remains committed to

establishing an e-commerce platform, “Sparkle Roll Online”, to capture the evolving e-commerce market. The second stage of such project is expected to be launched at the end of the first quarter of 2017.”

**About Sparkle Roll Group Limited (Stock Code: 970.HK)**

Sparkle Roll Group Limited is principally engaged in trading of top-tier automobiles, high-end watches and jewellery and other branded consumer goods in the PRC, Hong Kong, Macau and Malaysia. The Group’s businesses are divided into three divisions – (i) top-tier automobile dealerships, including Bentley in Beijing and Tianjin, Lamborghini and Rolls-Royce in Beijing; (ii) dealerships of high-end branded watches Richard Mille, DeWitt, Parmigiani in the PRC, and cohesive partnership with high-end branded jewelry Boucheron, and exclusive license agreement using trademarks of Royal Asscher in the PRC respectively, and dealership of an Austria top-notch brand, manufacturer of “OBJECTS OF TIME”, Buben & Zorweg; (iii) others including 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 d’Yquem and Chateau Mouton Rothschild; dealership and reseller right of audio equipment brand of B&O PLAY under Bang & Olufsen in the PRC with 18 POS and 2 online stores under operations; non-exclusive right to sell clothing articles and other menswear products of Corneliani Brand in the PRC and Macau, retail business of cigars and smoker’s accessories brand of Davidoff. On 8 December 2015, the Group officially commenced in investing in the building of the channelled e-commerce platform of 【Sparkle Roll Online】 to develop the internet and mobile wireless marketing platform. On 20 October 2016, the Group entered into a conditional Sales and Purchase Agreement with the companies wholly-owned by Mr Qi Jianhong, our single largest shareholders regarding the proposed acquisition by the Company of approximately 15.09% shareholding in Bang & Olufsen A/S and 49% equity interests in Balanorm Beo (Beijing) Trading Development Limited.

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This press release is issued by PR Asia Consultants Limited on behalf of **Sparkle Roll Group Limited**.

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