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## **SPARKLE ROLL GROUP LIMITED**

**耀萊集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 970)**

### **PROFIT WARNING**

This announcement is made by Sparkle Roll Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Based on the preliminary assessment of the latest unaudited consolidated management accounts of the Group and the financial information currently available, the board of directors of the Company (the “**Board**”) wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that, the Group is expected to record a substantial decrease in the net profit for the year ended 31 March 2019 as compared with a net profit of approximately HK\$667 million for the year ended 31 March 2018.

Such expected substantial decrease in the net profit for the year ended 31 March 2019 was mainly attributable to the following factors: (i) the absence of the one-off gain on deemed disposal of investment in an associate of approximately HK\$586 million recorded in the year ended 31 March 2018 due to the change in the classification of this investment from an associate to the available-for-sale investment in that year, as disclosed in the announcement of the Company dated 15 January 2018 and the Company’s annual report for the year ended 31 March 2018; (ii) an increase in the selling and distribution costs and administrative expenses, mainly due to the expenses incurred in relation to the acquisitions and investments in debt securities and the increase in amortization and marketing expenses; and (iii) an increase in finance costs due to the increase in borrowing for the acquisition of the property used by the Group as showrooms and office.

The effect of such increase in the expenses on the net profit for the Company was partially offset by the decrease in the rental expenses of the Group and the increase in the revenue and gross profit of the Group of approximately 29% and 39% respectively for the year ended 31 March 2019 as compared with those recorded in the last financial year. Such increase in the revenue and gross profit of the Group was mainly contributed by the auto business of the Group.

The information contained in this announcement is only based on the preliminary assessment by the Board according to the information currently available, including the unaudited consolidated management accounts of the Group for the year ended 31 March 2019 which have not yet been audited by the Company's auditors. The Company is still in the course of preparing and finalising its annual results for the year ended 31 March 2019 which is expected to be announced before the end of June 2019.

### **Update on Group's investment in B&O**

As at 31 March 2019, the Group held approximately 13.89% of the total issued shares of Bang & Olufsen A/S (“**B&O**”), a company incorporated in Denmark whose shares are listed and traded on Nasdaq Copenhagen. Due to the substantial decrease in the share price of B&O, the financial assets at fair value through other comprehensive income of the Group as at 31 March 2019 is expected to decrease substantially as compared to the balance as at 30 September 2018. According to the relevant accounting standards, such decrease would be recorded as other comprehensive income and would not affect the Group's profit or loss for the year ended 31 March 2019.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**Sparkle Roll Group Limited**  
**Zheng Hao Jiang**  
*Chairman*

Hong Kong, 17 May 2019

*As at the date of this announcement, the Company has three executive Directors, two non-executive Directors and three independent non-executive Directors. The executive Directors are Mr. Zheng Hao Jiang, Mr. Zhu Lei and Mr. Zhao Xiaodong. The non-executive Directors are Mr. Gao Yu and Mr. Qi Jian Wei. The independent non-executive Directors are Mr. Choy Sze Chung, Jojo, Mr. Lam Kwok Cheong and Mr. Lee Thomas Kang Bor.*

\* *For identification purpose only*