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New Sparkle Roll International Group Limited
新耀萊國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 970)

PROFIT WARNING

This announcement is made by New Sparkle Roll International 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 loss attributable to owners of the Company of approximately HK\$31 million for the year ended 31 March 2023 (the “**FY2023**”) as compared with a profit attributable to owners of the Company of approximately HK\$34 million for the year ended 31 March 2022 (the “**FY2022**”).

Such expected loss for FY2023 was mainly attributable to the following factors: (i) decrease of the revenue and the gross profit of the Group by approximately 7% and 28% respectively, which was mainly due to the adoption of a series of lockdown measures against the 2019 coronavirus epidemic in the mainland China, causing logistics restrictions and reduced foot traffic during the first three quarters of FY2023, affecting particularly the sales of automobiles. Even though there was a recovery in term of sales of automobiles in the fourth quarter of FY2023, gross profit was still under pressure caused by the weak market sentiment and keen competition. The decrease in gross profit was offset by decrease in selling expenses coupled with much less impairment on loan receivables and loan interest receivables as compared with those in FY2022 as well as decrease in other losses, including much less impairment of goodwill and absence of such written off of other intangible assets in FY2022, which are in relation to property management business; (ii) increase in the finance costs by approximately 33% for FY2023 as compared with those in FY2022 due to the increase in the borrowing to finance the purchases of automobile inventories during FY2023 and the acquisition of the property used by the Group as showrooms and office in the second half of FY2022; (iii) impairment of one of film investments and related receivables of approximately HK\$20 million; and (iv) recognition of one-off equity-settled share option expenses for staff in August 2022, such expenses were non-cash nature.

The information contained in this announcement is based merely on the preliminary assessment by the Board according to the information currently available, including the unaudited consolidated management accounts of the Group for FY2023 which have not yet been audited by the Company's independent auditors. The Company is still in the course of preparing and finalising its annual results for FY2023 which are expected to be announced before the end of June 2023.

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

By Order of the Board
New Sparkle Roll International Group Limited
Zheng Hao Jiang
Co-Chairman

Hong Kong, 18 May 2023

As at the date of this announcement, the Company has four executive Directors and five independent non-executive Directors. The executive Directors are Mr. Zheng Hao Jiang, Mr. Ma Chao, Mr. Zhao Xiaodong and Mr. Zhu Lei. The independent non-executive Directors are Mr. Choy Sze Chung, Jojo, Mr. Lam Kwok Cheong, Mr. Gao Yu, Mr. Liu Hongqiang and Mr. Liu Xiaoyi.