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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

INTERIM RESULTS

The board of directors (the "Board") of Sparkle Roll Group Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2010 together with the comparative figures for the corresponding period in 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010

		Six months ended 30 September	
		2010	2009
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**1,264,110**	465,110
Cost of sales		**(1,122,427)**	(382,678)
Gross profit		**141,683**	82,432
Other income	*5*	**12,334**	13,250
Selling and distribution costs		**(50,491)**	(20,207)
Administrative expenses		**(50,556)**	(27,069)
Other operating expenses		**(9,735)**	(262)
Operating profit	*6*	**43,235**	48,144
Finance costs	*7*	**(5,802)**	(9,768)
Profit before income tax		**37,433**	38,376
Income tax expense	*8*	**(5,211)**	(2,198)

* *for identification purpose only*

	Notes	Six months ended 30 September	
		2010	2009
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
Profit for the period		**32,222**	36,178
Other comprehensive income, net of tax			
Exchange gains on translation of financial statements of foreign operations		**1,572**	324
Total comprehensive income for the period		**33,794**	36,502
Profit for the period attributable to:			
Owners of the Company		**32,610**	35,659
Non-controlling interests		**(388)**	519
		32,222	36,178
Total comprehensive income attributable to:			
Owners of the Company		**34,182**	35,983
Non-controlling interests		**(388)**	519
		33,794	36,502
Earnings per share for profit attributable to the owners of the Company during the period	*10*		
– Basic		**HK1.2 cents**	HK2.0 cents
– Diluted		**N/A**	HK1.7 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2010

	Notes	**30 September 2010** ***HK$'000*** **(Unaudited)**	31 March 2010 *HK$'000* (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**33,250**	24,358
Goodwill		**580,679**	597,334
Other intangible assets		**4,686**	5,454
Financial assets at fair value through profit or loss		**36,088**	–
		654,703	627,146
Current assets			
Inventories		**222,849**	131,421
Film rights		**–**	10,494
Trade receivables	*11*	**25,836**	87,263
Deposits, prepayments and other receivables		**254,442**	138,571
Amounts due from related parties		**41,117**	3,825
Tax recoverable		**–**	231
Pledged bank deposits		**19,028**	11,348
Cash at banks and in hand		**250,834**	174,700
		814,106	557,853
Current liabilities			
Trade payables	*12*	**10,532**	20,804
Receipts in advance, accrued charges and other payables		**246,815**	177,792
Amounts due to related parties		**9,368**	136
Provision for tax		**7,045**	5,863
Borrowings		**71,777**	17,663
		345,537	222,258
Net current assets		**468,569**	335,595
Total assets less current liabilities		**1,123,272**	962,741

	Notes	**30 September 2010** ***HK$'000*** **(Unaudited)**	31 March 2010 *HK$'000* (Audited)
Non-current liabilities			
Receipts in advances and other payables		**4,475**	5,209
Convertible notes		**70,171**	64,951
Derivative financial instrument		**22,179**	18,469
Deferred tax liabilities		**2,734**	206
		99,559	88,835
Net assets		**1,023,713**	873,906
EQUITY			
Share capital		**5,646**	5,372
Reserves		**1,009,142**	856,371
Proposed dividends		**8,925**	8,059
Equity attributable to the owners of the Company		**1,023,713**	869,802
Non-controlling interests		**–**	4,104
Total equity		**1,023,713**	873,906

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2010

1. GENERAL INFORMATION

Sparkle Roll Group Limited (the "Company") is an exempted company with limited liability incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church House, Hamilton HM11, Bermuda and the principal place of business is Rooms 2028-36, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "SEHK").

The principal activities of the Company and its subsidiaries (the "Group") are the comics and animations development and trading of luxury goods, mainly automobiles, watches, jewellery and fine wines in Hong Kong and the People's Republic of China, excluding Hong Kong and Macau (the "PRC"). During the year, the Company has disposed of certain subsidiaries which are engaged in the business of animations development.

2. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the SEHK.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2010, except for the adoption of the new or amended Hong Kong Financial Reporting Standards ("HKFRSs") (which include individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) as disclosed in note 3.

The interim financial report is unaudited, but has been reviewed by Grant Thornton in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The interim financial report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2010.

3. ADOPTION OF NEW OR AMENDED HKFRSs

In the current period, the Group has applied for the first time all of the new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the period.

Other than as noted below, the adoption of these new or amended HKFRSs had no material impact on how the results and financial position for the current and prior periods had been prepared and presented.

(a) HKAS 27 "Consolidated and Separate Financial Statements" (Revised 2008)

The revised standard is effective for accounting periods beginning on or after 1 July 2009 and introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interest in subsidiaries. Total comprehensive income must be attributed to the non-controlling interests (formerly "minority interests") even if this results in the non-controlling interests having a deficit balance. The adoption of HKAS 27 (Revised) is applied prospectively. The directors do not expect the adoption of this revised standard would have a material effect on the interim financial report.

(b) HKFRS 3 "Business Combinations" (Revised 2008)

The standard is applicable in reporting periods beginning on or after 1 July 2009 and has been applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interests) in the acquiree.

The Group did not purchase any of equity interests in the current period. Therefore, the adoption of this revised standard did not have any impact on the interim financial report.

(c) Improvements to HKFRSs 2009

The HKICPA has issued improvements to HKFRSs 2009. Most of the amendments become effective for annual periods beginning on or after 1 January 2010. The adoption of the new standards does not have a material effect on the results and the financial position of the Group.

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. The other new and amended HKFRSs are not expected to have a material impact of the Group's interim financial report.

HKFRS 9 "Financial instruments"

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

4. SEGMENT INFORMATION

The executive directors have identified the following reportable operating segments:

Comics and animations development – Publish and distribute comic books, provide sub-contracting services for animations production and distribute and broadcast animations;

Trading of automobiles and related parts and accessories and provision of after-sale services – Distribute branded cars, namely Bentley, Lamborghini and Rolls-Royce, and provide related after-sale services;

Trading of branded watches – Distribute branded watches, namely Richard Mille, DeWitt, Parmigiani and deLaCour BiTourbillion;

Trading of branded jewellery – Distribute branded jewellery, namely Boucheron and Federico Buccellati; and

Trading of fine wines – Distribute certain brands of fine wines.

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. There are no inter-segment sales between the respective segments for both periods.

Information regarding the Group's reportable segments provided by the Group's executive directors is set out below:

For the six months ended 30 September

	2010					
	Comics and animations development *HK$'000*	Trading of automobiles and related parts and accessories and provision of after-sale services *HK$'000*	Trading of branded watches *HK$'000*	Trading of branded jewellery *HK$'000*	Trading of fine wines *HK$'000*	Total *HK$'000*
Revenue from external customers	30,928	1,172,511	54,629	6,018	24	1,264,110
Other income	515	5,312	3	–	6,285	12,115
Reportable segment revenue	31,443	1,177,823	54,632	6,018	6,309	1,276,225
Reportable segment results	(13,178)	79,272	6,832	(1,488)	3,712	75,150
Reportable segment assets	58,615	986,528	304,787	53,760	45,197	1,448,887
Corporate assets:						
– Financial assets						18,064
– Non-financial assets						1,858
Consolidated total assets						1,468,809

For the six months ended 30 September

	2009					
	Comics and animations development *HK$'000*	Trading of automobiles and related parts and accessories and provision of after-sale services *HK$'000*	Trading of branded watches *HK$'000*	Trading of branded jewellery *HK$'000*	Trading of fine wines *HK$'000*	Total *HK$'000*
Revenue from external customers	69,438	337,630	58,042	–	–	465,110
Other income	5,395	5,774	61	–	–	11,230
Reportable segment revenue	74,833	343,404	58,103	–	–	476,340
Reportable segment results	(3,438)	35,454	23,951	–	–	55,967
Reportable segment assets	102,199	745,801	75,001	–	–	923,001
Corporate assets:						
– Financial assets						6,480
– Non-financial assets						3,273
Consolidated total assets						932,754

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Reportable segment profit	**75,150**	55,967
Unallocated corporate income	**219**	2,020
Unallocated expenses	**(32,134)**	(9,843)
Finance costs	**(5,802)**	(9,768)
Profit before income tax	**37,433**	38,376

5. OTHER INCOME

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Advertising income	**4**	40
Allowance for impairment of receivables written back	**–**	72
Amortisation of government grants	**10**	58
Bank interest income	**219**	134
Bonus from a supplier	**1,095**	–
Fair value gains on financial assets at fair value through profit or loss	**6,285**	–
Gains on disposals of property, plant and equipment	**158**	–
Government grants	**–**	2,686
Income from insurance brokerage	**2,852**	–
Net fair value gains on derivative financial instruments	**–**	1,886
Other income from animations	**–**	2,217
Other income from car distributorship	**–**	4,872
Others	**1,711**	1,285
	12,334	13,250

6. OPERATING PROFIT

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Operating profit is arrived at after charging/(crediting):		
Allowance of impairment of trade receivables attributable to comics and animations development segment	**3,500**	–
Amortisation of film rights	**2,490**	3,043
Amortisation of intangible assets	**769**	1,027
Depreciation of property, plant and equipment	**4,129**	2,415
Equity-settled share option expenses	**7,313**	–
Exchange losses, net	**4,901**	470
Fair value losses on derivative financial instruments	**3,710**	–
Losses on disposals of subsidiaries	**2,525**	–
Property, plant and equipment written off	**–**	262
Write-down of inventories to net realisable value	**–**	971
Reversal of write-down of inventories	**–**	(664)
Defined contribution retirement benefits scheme contributions for employees	**1,618**	880
Other staff costs, including directors' emoluments	**26,100**	39,017
Equity-settled share option expenses for staff	**11,678**	–
Total staff costs	**39,396**	39,897
Amount capitalised in inventories	**(540)**	(9,298)
Total staff costs charged to profit or loss	**38,856**	30,599

7. FINANCE COSTS

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expenses on financial liabilities stated at amortised cost:		
– Bank loans and overdrafts wholly repayable within five years	**571**	638
– Effective interest expenses on convertible notes for the period	**5,220**	9,130
– Other loans wholly repayable within five years	**11**	–
	5,802	9,768

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2009: 16.5%) on estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the locations in which the Group operates.

Income tax of certain subsidiaries of the Company in the PRC, is calculated at progressive rates ranging from 18% to 25% (six months ended 30 September 2009: 18% to 25%) on deemed profits calculated at 6% to 10% (six months ended 30 September 2009: 6% to 10%) on revenue in accordance with relevant tax regulations in the PRC.

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong:		
– Tax for the period	**762**	431
– Over-provision in prior years	**–**	(97)
Overseas:		
– Tax for the period	**1,918**	1,864
	2,680	2,198
Deferred tax		
– Tax for the period	**2,531**	–
Total income tax expense	**5,211**	2,198

9. DIVIDENDS

(a) Dividends attributable to the period

The directors recommend the payment of an interim dividend out of the contributed surplus (six months ended 30 September 2009: retained profits) of the Company of HK0.3 cent (six months ended 30 September 2009: HK0.5 cent) per ordinary share, totalling HK$8,925,000 (six months ended 30 September 2009: HK$13,431,000) in respect of the six months ended 30 September 2010. Such a dividend is to be approved by the Company's shareholders at a Special General Meeting. The proposed dividend has not been reflected as a dividend payable in the interim financial statements, but will be reflected as an appropriation of contributed surplus for the six months ended 30 September 2010.

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interim dividend to existing shareholders	**8,469**	10,556
Interim dividend to other shareholders*	**456**	2,875
	8,925	13,431

* Subsequent to 30 September 2010, certain share options and convertible notes were exercised and converted and an aggregate of 152,160,000 (2009: 575,000,000) ordinary shares (the "New Shares") were issued. The holders of the New Shares are also entitled to an equivalent amount of interim dividend per share pursuant to the relevant provisions in the Company's Bye-laws. Accordingly, an interim dividend of approximately HK$456,000 (2009: HK$2,875,000) will be paid to the holders of the New Shares.

(b) Dividends attributable to previous financial year, approved and paid during the period

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Final dividend in respect of the previous financial year of HK$0.3 cent per share (2009: Nil)		
– to existing shareholders	**8,059**	–
– to other shareholders#	**450**	–
	8,509	–

[#] Pursuant to the subscription agreement of the convertible notes, certain holders of convertible notes are also entitled to an equivalent amount of final dividend per share in the event of any capital distribution being declared on the shares ("As-if dividend"). Accordingly, final dividend of approximately HK$450,000 was paid to the holders of convertible notes.

10. EARNINGS PER SHARE

(a) Basic

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company of HK$32,610,000 for the six months ended 30 September 2010 (six months ended 30 September 2009: HK35,659,000) and on the weighted average of 2,693,520,435 (six months ended 30 September 2009: 1,805,415,145) ordinary shares in issue during the period.

(b) Diluted

The diluted earnings per share for the six months ended 30 September 2010 is not presented as the potential ordinary shares have anti-dilutive effect on earnings per share.

The calculation of diluted earnings per share for the six months ended 30 September 2009 was based on the adjusted profit attributable to the owners of the Company of HK$44,789,000 and the weighted average number of ordinary shares of 2,686,152,850 outstanding during the period, after adjusting for the effects of all dilutive potential ordinary shares.

The adjusted profit attributable to the owners of the Company is calculated based on the profit attributable to the owners of the Company for the six months ended 30 September 2009 of HK$35,659,000 as used in the calculation of basic earnings per share plus interest expenses on the convertible notes of HK$9,130,000.

The weighted average number of ordinary shares used in the calculation of diluted earnings per share was calculated based on the weighted average of 1,805,415,145 ordinary shares in issue during the period as used in the calculation of basic earnings per share plus the weighted average of 880,737,705 ordinary shares deemed to be issued at no consideration as if all the Company convertible notes had been converted.

11. TRADE RECEIVABLES

The Group grants an average credit period ranging from 30 days to 90 days to its trade customers. An ageing analysis of trade receivables, based on the invoice dates, and net of impairment losses, is as follows:

	30 September 2010	31 March 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0-30 days	**19,008**	71,749
31-60 day	**1,552**	8,622
61-90 days	**492**	550
Over 90 days	**4,784**	6,342
	25,836	87,263

12. TRADE PAYABLES

The following is an ageing analysis of trade payables based on the invoice dates:

	30 September 2010	31 March 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0-30 days	**3,881**	7,312
31-60 day	**1,337**	7,567
61-90 days	**1,928**	2,280
Over 90 days	**3,386**	3,645
	10,532	20,804

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

It was another milestone in the Group's history that its brands management of luxury goods achieved high growth in results in automobile sales.

Automobile Distributorships

The performance of automobile distributorships was very strong during the six months ended 30 September 2010. During this six-month period, number of automobiles sold in terms of different brands was 123 Bentley, 43 Lamborghini and 95 Rolls-Royce compared to 70 Bentley, 14 Lamborghini and 11 Rolls-Royce respectively of corresponding period of 2009.

Revenue of automobiles sales amounted to HK$1,155 million compared to HK$380 million of same period last year.

Revenue derived from after-sales-service to automobiles amounted to HK$17.2 million compared to HK$24.2 million of corresponding period of last year.

At the same time, the gross profit margin of after-sales-service decreased from 77.7% to 54.2%.

Watch Distributorships

During the current period, 34 pieces of Richard Mille watches, 37 pieces of DeWitt watches and 10 pieces of Parmigiani watches were sold (interim 2009: 29 Richard Mille, 43 DeWitt and no Parmigiani). The gross profit margin remains high.

Other Distributorships

During the current period, reportable segment revenue for jewellery and wines distribution were approximately HK$ 6 million and HK$6.3 million respectively.

Numbers and Remuneration of Employees

As at 30 September 2010, the Group has 274 employees (31 March 2010: 610, 30 September 2009: 610). Staff costs (including directors' emoluments) charged to profit or loss amounted to approximately HK$38.8 million for six months ended 30 September 2010 (six months ended 30 September 2009: HK$30.6 million). All permanent employees were under the remuneration policy of fixed monthly salary with discretionary bonus.

Share Option Scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's business. Eligible participants of the Scheme include any director (including executive, non-executive and independent non-executive director), any employee, or any consultant, advisor, customer and business associates. The Scheme was adopted pursuant to an ordinary resolution passed at a special general meeting of the Company held on 7 October 2002.

On 15 April 2010, share options of an aggregate of 154,528,000 ordinary shares of HK$0.002 each in the share capital of the Company were granted to employees, directors and advisors to the Company under the Scheme. Among the 154,528,000 share options granted, an aggregate of 87,512,000 share options were granted to directors of the Company. During the six-month period ended 30 September 2010, an aggregate of 136,756,000 share options were exercised (31 March 2010: Nil) in which an aggregate of 76,252,000 share options were exercised by directors of the Company.

Liquidity and Financial Resources

The Group's total assets as at 30 September 2010 were approximately HK$1,468.8 million (31 March 2010: HK$1,185.0 million) which were supported by the shareholders' fund of HK$1,023.7 million (31 March 2010: HK$869.8 million). On the other hand, the Group has total liabilities of HK$445.1 million (31 March 2010: HK$311.1 million).

The directors consider that the Group has sufficient working capital for its operations and financial resources for financing future investment opportunities in suitable business ventures.

Capital Structure

The Group's gearing ratio computed as total borrowings over the owners' equity increased to 13.9% as at 30 September 2010 (31 March 2010: 9.5%).

Exposure to Foreign Exchange

The revenue of the Group is mainly denominated in Hong Kong dollars and Renminbi while the production cost and purchases are mainly denominated in Euro, Swiss Franc, Hong Kong dollars, and Renminbi.

For this period, the Group is mainly exposed to foreign currency exchange risk of Euro and Swiss Franc and the management mainly monitored the foreign currency exchange risk with advices from the Group's major bankers.

Charges on Assets

As at 30 September 2010, bank deposits of the Group with an aggregate carrying amount of approximately HK$19.0 million, (31 March 2010: HK$11.3 million) were pledged to secure general banking facilities granted to the Group.

PROSPECTS

As GDP growth continued to be robust in the first half of 2010 and favorable condition fuelled optimism towards a steady and stable business environment in the Mainland China, the Group's businesses reported solid performances in this interim period. Especially encouraging is a 48.6% rise in Luxury Goods Division's segment results which recorded HK$88.3 million in this interim period, as compared with HK59.4 million of corresponding period last year.

During the period under review, the turnover of Luxury Goods Division surged from HK$396 million of last period to HK$1,233 million this year. The increase in turnover is mainly contributed by the sales of top-tier luxuary cars. It is particularly encouraging to witness that sales revenues of Rolls-Royce surged to approximately HK$515 million, while only approximately HK$4.9 million was recorded as other income before the transfer of Rolls-Royce distributorship from the previous agent to Beijing De Te Motors Trading Limited in January 2010 during the same period last year. Due to the issuance of share option, the Group incurred share option expenses of an aggregate amount of approximately HK$19 million. In addition, there were financial expenses amounted to approximately HK$5.2 million, and HK$3.7 million on fair value loss on call and put options incurred by issuance of convertible bonds to Och-Ziff funds. We would like to stress that such write-off incurred by the issuance of share option is on a one-off basis during this interim period and there will no longer be

any further financial expenses arising from the convertible bonds issued to Och-Ziff funds subsequent to the full conversion in October 2010. At the same time, the Group's comics and animations business has recorded a net loss amounted to approximately HK$13 million. Although the performance of our Luxury Good Division was splendid as the core earnings are increasing, our reported earnings for this interim period were dragged down because of these items.

As automobile sales generated approximately 91.9% of total revenues in this interim period, compared with 70.9% in last period, the average gross margin decreased from 17.7% in last period to 11.2% in this interim period.

The PRC's Luxury Goods Market

Market research relating to the booming PRC's luxury goods market justified and supported the Group's development to be a luxury brands management empire in the PRC. According to the recent report issued by Bain & Company titled "Research on the PRC Luxury Market in 2010", Asia Pacific region was the only area within the world luxury market which recorded a rise of 10% in 2009 compared with other regions and it expected a further rise of 22% in 2010. Europe is on top of the world luxury market in 2009, followed by the US and Asia Pacific region. Additionally, Asia Pacific (ex-Japan) region has already surpassed Japan as the world's third largest luxury market. The report further stated that the luxury market in the PRC was expanding rapidly, accelerated in the mid of 2009 and total turnover of the PRC luxury market reached RMB68.4 billion for the entire 2009. And it is predicted 2010 will be another good year with an increase reaching around 23% in RMB market scale. *(Source: Research on the PRC Luxury Market in 2010 by Bain & Company issued in November 2010)*

The Bain & Company report was in line with a recent report conducted by "Hugo Boss", a luxury brand from Germany. The brand's CEO, Claus-DietrichLahrs expected the recovery of world's luxury market to speed up and continue beyond 2012. He is also optimistic about the PRC's demand for luxury goods. *(Source: official website of Ministry of Commerce of the People's Republic of China dated 8 October 2010)*

Automobile Distributorships

Thanks to the strong global economic recovery and robust GDP growth in the first half of 2010, the Group has recorded outstanding sales results during this financial period. We are excited to report sales of Bentley, Lamborghini and Rolls-Royce reached HK$1,155 million, an increase of 268% compared with the same period last year. Among them, the performance of Rolls-Royce was the best, with sales jumping over seven times compared with

the pro-forma sales during same period last year. Turnover reached approximately HK$515 million due to the launch of Rolls-Royce Ghost, which became a hot item for mainland car lovers. The number of Rolls-Royces sold was 95 (72 units of Ghost and 23 units of Phantom) during this interim period, which leapt over 10 times from the same period last year.

Profit from the after-sales services of this interim period was stable and reached HK$18 million. We foresee the after-sales income will grow steadily in the upcoming financial periods. Lamborghini ranked second in terms of sales growth during this period, recorded a threefold increase to approximately HK$190 million with 43 units sold, as compared with 14 cars sold in the same period last year. Bentley performed remarkably during this period with a total number of 123 units sold amounted to approximately HK$451 million, represented an 80% increase as compared with the same period last year. With our great success in Beijing, we are in the process of applying for new dealership in a city in the northern part of China for each of the brands. We also expect that Beijing dealership of all three brands will gain respective prominent position in global sales ranking in calendar year 2010.

Watch Distributorships

We are so glad to see the stable performance of watch segment, with turnover reaching HK$55 million during this interim period. Among those super brands under our portfolio are Richard Mille, DeWitt, Parmigiani and deLaCour BiTourbillon. The Group is pleased to see that the sales of Richard Mille has been increasing upon the grand opening of flagship store and a point of sales in second-tier PRC City, Dalian that 34 watches of Richard Mille were sold compared with 29 as compared with same period last year.

For the super brand DeWitt, we were glad to report the grand opening of its first and world's largest flagship in Beijing on 30 June 2010. DeWitt's flagship shop is located in the prestigious Legendale Hotel on Jinbao Street in Beijing with gross area of 190 square meters. The facade of the flagship shop is themed and decorated in 17th century European palace style, while interior is designed as a watch hall of fame, with displays of historical watch-making machines, unique series of DeWitt watches and Napoleon paintings. This demonstrates a fantastic contrast and creates the perfect ambiance and combination of authenticity and forward-thinking movement. The world's largest flagship store shows the success of the brand in the China market and the Group hopes it will continue to contribute to sales in the future.

Jewellery Distributorships

There are two Boucheron boutiques in Shanghai – Plaza 66 and Hong Kong Plaza. During the interim period, the Group recorded a turnover of HK$6 million with a total of 63 pieces of jewelry sold. Coupled with a rigorous marketing campaign on "Boucheron" in the PRC and the upcoming opening of its Beijing flagship in our landmark shopping mall "Sparkle Roll Luxury World" in Beijing in December this year, we are optimistic that our jewellery business will gain further momentum.

The Group is still actively seeking another top-tier branded jewelry to fulfill our "3.3.3" Business Model, chiefly comprising ultra-luxury automobiles, super-deluxe branded watches and top-tier branded jewelry as mentioned in our 2009 Annual Report. We hope the additional brand, along with the existing 2 jewelry brands of "Boucheron" and 'Federico Buccellati" will bring satisfactory income to the Group in the upcoming financial periods.

Fine Wines Distributorships

Apart from Duclot Export under our fine wines portfolio, we have successfully expanded our portfolio through partnering with Chateau Margaux and Domaine d'Eugenie to be the approved dealers of fine wines of Chateau Margaux in the PRC from August 2010 and Domaine d'Eugenie in the PRC (including Macau SAR) from 12 July 2010. The distributorship of Domaine d' Eugenie brought Burgundy fine wines to the PRC wine consumers in addition to Bordeaux fine wines. More encouragingly, we have entered into partnership with another Bordeaux fine wine merchant, Maison Joanne Bordeaux to be the approved distributor for its fine wines in the PRC from 3 November 2010. Maison Joanne Bordeaux is a leading force in the great wines of Bordeaux, and is the largest stockholders of classed growth Bordeaux and second wines.

Construction of a cozy wine cellar with a shop located inside the basement of a 3-storey shopping mall at a prime location in Beijing named "Sparkle Roll Luxury World" is in high gear. It is due to open in December this year. Upon the opening of these retail establishments, we anticipate our fine wines business will gain promising momentum in the upcoming financial periods.

More encouraging is our investment on wine future or En Primeur 2009 during the interim period. It recorded a fair value gain of approximately HK$6.3 million.

Comics and Animations Development

During the financial period, the Group's comic publications and animations development business recorded a net loss of approximately HK$13 million. The disposals of animation and comics publication were completed on 27 April 2010 and 18 November 2010 respectively in accordance with the respective sales and purchase agreements.

Outlook

Thanks largely to the outstanding performance of our luxury goods business, the Board is pleased to declare an interim dividend of HK0.3 cent per share to share the fruits of our success with our shareholders.

We believe the rapid and sustainable growth of the Mainland China will continue and be robust in 2011. Such favorable elements are essential to support our growth to become a luxury brands management empire in the PRC.

To conclude, we would like to welcome once again MSPEA Luxury Holding B.V. (the "MSPEA") on board to be our third largest shareholder, which reaffirmed the successful business model of the Group as recognized by such professional fund.

INTERIM DIVIDEND

The Board has resolved to recommend the payment of an interim dividend out of the contributed surplus of the Company in respect of the current period of HK0.3 cent (six months ended 30 September 2009: HK0.5 cent) per share. The declaration and payment of such interim dividend is subject to approval by the Company's shareholders at a special general meeting to be convened as soon as possible. Further announcement will be made on the special general meeting and the closure period of register of members for determining the dividend entitlement.

The proposed divided has not been reflected as a dividend payable in these financial statement, but will be reflected as an appropriation of contributed surplus for the six-month period ended 30 September 2010.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

CORPORATE GOVERNANCE

Compliance with the "Code on Corporate Governance Practices"

During the period, the directors are of the opinion that the Company has complied with the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules ("CG Practices") throughout the six months ended 30 September 2010.

Compliance with the "Model Code"

The Company has adopted the Model Code for Securities Transactions by directors of Listed Companies ("Model Code") contained in Appendix 10 of the Listing Rules to govern securities transactions by the directors. After having made specific enquiry to all directors, all directors confirmed that they complied with the Model Code during the period.

Audit Committee

The Audit Committee comprises three independent non-executive directors, namely Mr. Choy Sze Chung Jojo (Chairman of the Committee), Mr. Lam Kwok Cheong and Mr. Lee Kang Bor, Thomas with written terms of reference in line with the code provisions set out in the CG Practices. The Audit Committee has reviewed with management and the Company's auditors the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2010 (the "Interim Financial Statements"). The Audit Committee is not aware of any material modifications that should have been made to the Interim Financial Statements for the six months ended 30 September 2010.

Remuneration Committee

The Remuneration Committee comprises three independent non-executive directors, namely, Mr. Lam Kwok Cheong (Chairman of the Committee), Mr. Choy Sze Chung Jojo, Mr. Lee Kang Bor, Thomas, and two executive directors, namely Mr. Tong Kai Lap (Chairman of the Board) and Mr. Zheng Hao Jiang (Chief Executive Officer).

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure in relation to the remuneration of directors and senior management and reviewing the specific remuneration packages of all executive directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

Nomination Committee

The Nomination Committee comprises three independent non-executive directors, namely, Mr. Lee Kang Bor, Thomas (Chairman of the Committee), Mr. Choy Sze Chung, Jojo and Mr. Lam Kwok Cheong.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the board regarding any proposed changes, identifying individuals suitably qualified to become Board members, and select or make recommendations to the board on the selection of individuals nominated for directorships, assessing the independence of independent non-executive directors; and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular the chairman and the chief executive officer.

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the Interim Financial Statements, the directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are prudent, fair and reasonable and prepared the Interim Financial Statements on a going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Publication of Detailed Results Announcement on the Stock Exchange's Website

The information as required by Appendix of the Listing Rules will be published on the Stock Exchange's and the Company's website in due course.

By order of the Board
Tong Kai Lap
Chairman

Hong Kong, 24 November 2010

As at the date of this announcement, the Company has three executive Directors, three non-executive Directors and three independent non-executive Directors. The executive Directors are Mr. Tong Kai Lap, Mr. Zheng Hao Jiang and Mr. Zhao Xiao Dong. The non-executive Directors are Mr. Zhang Si Jian, 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 Kang Bor, Thomas.