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 2011

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 2011 together with the comparative figures for the corresponding period in 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

		Six months ended 30 September	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited and restated)
Continuing operations			
Revenue	*4*	**2,087,221**	1,233,182
Cost of sales		**(1,863,973)**	(1,092,617)
Gross profit		**223,248**	140,565
Other income	*5*	**41,159**	11,818
Selling and distribution costs		**(110,045)**	(49,025)
Administrative expenses		**(31,986)**	(43,236)
Other operating expenses		**–**	(3,710)
Operating profit	*6*	**122,376**	56,412
Finance costs	*7*	**(3,886)**	(5,791)
Profit before income tax		**118,490**	50,621
Income tax expense	*8*	**(6,884)**	(5,211)

* *for identification purpose only*

	Notes	Six months ended 30 September 2011 HK$'000 (Unaudited)	2010 HK$'000 (Unaudited and restated)
Profit for the period from continuing operations		**111,606**	45,410
Discontinued operation			
Loss for the period from discontinued operation	*9*	**–**	(13,188)
Profit for the period		**111,606**	32,222
Other comprehensive income, net of tax			
Release of exchange reserve upon disposal of subsidiaries		**–**	(2,893)
Exchange gains on translation of financial statements of foreign operations		**11,944**	1,572
Total comprehensive income for the period		**123,550**	30,901
Profit for the period attributable to:			
Owners of the Company		**111,923**	32,610
Non-controlling interests		**(317)**	(388)
		111,606	32,222
Total comprehensive income attributable to:			
Owners of the Company		**123,867**	31,289
Non-controlling interests		**(317)**	(388)
		123,550	30,901
Earnings/(loss) per share from continuing and discontinued operations to the owners of the Company during the period	*11*		
Basic earnings/(loss) per share			
from continuing operations		**HK3.76 cents**	HK1.68 cents
from discontinued operation		**N/A**	HK(0.48) cent
		HK3.76 cents	HK1.20 cents
Diluted earnings per share			
from continuing operations		**HK3.75 cents**	N/A
from discontinued operation		**N/A**	N/A
		HK3.75 cents	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011

	Notes	**30 September 2011** ***HK$'000*** **(Unaudited)**	31 March 2011 *HK$'000* (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**79,596**	79,603
Goodwill		**580,679**	580,679
Other intangible assets		**3,148**	3,917
Rental deposits paid to related parties	*12*	**14,232**	–
Financial assets at fair value through profit or loss	*13*	**80,794**	–
		758,449	664,199
Current assets			
Inventories		**419,964**	353,469
Trade receivables	*14*	**23,981**	90,625
Deposits, prepayments and other receivables		**439,055**	337,726
Amounts due from related parties	*12*	**15,095**	–
Tax recoverable		**279**	279
Pledged bank deposits		**43,166**	42,325
Cash at banks and in hand		**278,824**	215,300
		1,220,364	1,039,724
Current liabilities			
Trade payables	*15*	**9,733**	15,438
Receipts in advance, accrued charges and other payables		**381,279**	307,422
Amounts due to related parties		**–**	46,448
Provision for taxation		**12,057**	6,099
Borrowings		**202,217**	53,665
		605,286	429,072
Net current assets		**615,078**	610,652
Total assets less current liabilities		**1,373,527**	1,274,851

	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Non-current liabilities		
Receipts in advance and other payables	**4,623**	3,666
Deferred tax liabilities	**2,261**	2,734
	6,884	6,400
Net assets	**1,366,643**	1,268,451
EQUITY		
Share capital	**5,959**	5,952
Reserves	**1,340,834**	1,227,468
Proposed dividends	**14,899**	29,763
Equity attributable to the owners of the Company	**1,361,692**	1,263,183
Non-controlling interests	**4,951**	5,268
Total equity	**1,366,643**	1,268,451

NOTES TO THE INTERIM RESULTS

For the six months ended 30 September 2011

1. GENERAL INFORMATION

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 Stock Exchange of Hong Kong Limited (the "SEHK").

The principal activities of the Group are the dealerships and distributorships of luxury goods. The Group's operations are based in Hong Kong and the People's Republic of China, excluding Hong Kong and Macau (the "PRC"). The Group was also engaged in the publications and distributions of comic books and animation development, which the Group has discontinued during the year ended 31 March 2011.

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 2011, 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 BDO Limited 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 2011.

3. ADOPTION OF NEW OR AMENDED HKFRSs

In the current period, the Group has applied for the first time the following new or amended HKFRSs issued by the HKICPA which are relevant to and effective for the Group's financial statements for the period.

HKAS 24 (Revised)	Related Party Disclosures
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010

Other than as noted below, the adoption of these new or amended HKFRSs did not result in significant changes in the Group's accounting policies.

(a) Adoption of HKAS 24 (Revised) "Related Party Disclosures"

The revision clarifies and simplifies the definition of a related party. The revised definition is of narrower or wider scope than before depending on the particular situation. The revised standard is clear that it also applies to commitments between an entity and its related parties.

(b) Amendment to HKAS 34 "Interim Financial Reporting"

It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

4. SEGMENT INFORMATION

The executive directors have identified the following reportable operating segments:

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, Federico Buccellati and Royal Asscher; and

Trading of fine wines – Distribute certain brands of fine wines; and

Comics and animations development – Publish and distribute comic books, provide sub-contracting services for animations production and distribute and broadcast animations. This segment was discontinued during the year ended 31 March 2011.

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

	2011				
	Continuing operations				
	Trading of automobiles and related parts and provision of after-sale services	**Trading of branded watches**	**Trading of branded jewellery**	**Trading of fine wines**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Revenue from external customers	**1,958,501**	**102,846**	**16,565**	**9,309**	**2,087,221**
Other income	**10,223**	**13,534**	**1,262**	**15,676**	**40,695**
Reportable segment revenue	**1,968,724**	**116,380**	**17,827**	**24,985**	**2,127,916**
Reportable segment results	**121,343**	**5,550**	**129**	**8,229**	**135,251**
Reportable segment assets	**1,415,372**	**241,201**	**71,598**	**240,783**	**1,968,954**
Corporate assets:					
– Financial assets					**7,037**
– Non-financial assets					**2,822**
Consolidated total assets					**1,978,813**

For the six months ended 30 September

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

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

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Reportable segment results	**135,251**	75,150
Unallocated corporate income	**464**	219
Unallocated corporate expenses	**(13,339)**	(32,134)
Finance costs	**(3,886)**	(5,802)
Profit before income tax from continuing and discontinued operations, including loss on disposal of subsidiaries	**118,490**	37,433

5. OTHER INCOME

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
		(Unaudited
	(Unaudited)	and restated)
Continuing operations		
Bank interest income	**464**	218
Bonus receivable from suppliers	**12,113**	1,095
Fair value gains on financial assets at fair value through profit or loss *(Note 13)*	**11,737**	6,285
Gain on disposals of property, plant and equipment	**1,264**	–
Income from insurance brokerage	**5,654**	2,852
Rental income	**8,230**	–
Others	**1,697**	1,368
	41,159	11,818
Discontinued operation		
Advertising income	**–**	4
Amortisation of government grant*	**–**	10
Bank interest income	**–**	1
Colour and manuscript income	**–**	179
Gain on disposals of property, plant and equipment	**–**	158
Others	**–**	164
	–	516
Total other income	**41,159**	12,334

Note:

* The Group was entitled to receive government grants based on 15% of the paid-up capital of a subsidiary of the Group, an indirect owned subsidiary of the Company before disposal, within 3 years from the date of its establishment. The amounts were recognised as deferred government grants and was amortised to profit or loss over 15 years.

6. OPERATING PROFIT/(LOSS)

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited and restated)
Continuing operations		
Operating profit is arrived at after charging:		
Amortisation of other intangible assets#	**769**	769
Depreciation of property, plant and equipment*	**12,709**	3,827
Equity-settled share option expenses for eligible persons other than staff	**–**	7,313
Exchange losses, net	**374**	4,901
Fair value losses on derivative financial instruments**	**–**	3,710
Defined contribution retirement benefits scheme contributions for employees	**1,957**	1,080
Staff costs, including directors' emoluments	**16,851**	11,983
Equity-settled share option expenses for staff	**1,532**	11,678
Total staff costs	**20,340**	24,741
Discontinued operation		
Operating loss is arrived at after charging/(crediting):		
Allowance of impairment of trade receivables**	**–**	3,500
Amortisation of film rights	**–**	2,490
Depreciation of property, plant and equipment*	**–**	302
Loss on disposal of subsidiaries	**–**	2,525
Defined contribution retirement benefits scheme contributions for employees	**–**	538
Staff costs, including directors' emoluments	**–**	14,117
Total staff costs	**–**	14,655
Amount capitalised in inventories	**–**	(540)
Total staff costs charged to profit or loss	**–**	14,115

Amortisation of other intangible assets of HK$769,000 for the six months ended 30 September 2011 (six months ended 30 September 2010: HK$769,000) has been included in administrative expenses.

* *Depreciation for continuing operations of HK$9,812,000 for the six months ended 30 September 2011 (six months ended 30 September 2010: HK$2,530,000) has been included in selling and distribution costs and HK$2,897,000 for the six months ended 30 September 2011 (six months ended 30 September 2010: HK$1,297,000) has been included in administrative expenses.*

Depreciation for discontinued operation of HK$61,000 has been included in cost of sales and HK$241,000 has been included in administrative expenses for the six months ended 30 September 2010.

** *The amounts have been included in other operating expenses.*

7. FINANCE COSTS

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited and restated)
Continuing operations		
Interest expenses on financial liabilities stated at amortised cost:		
– Bank loans and overdrafts wholly repayable within five years	**3,886**	571
– Effective interest expenses on convertible notes for the period	**–**	5,220
	3,886	5,791
Discontinued operation		
Interest expenses on financial liabilities stated at amortised cost:		
– Other loans wholly repayable within five years	**–**	11
Total finance costs	**3,886**	5,802

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2010: 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 2010: 18% to 25%) on deemed profits calculated at 6% to 10% (six months ended 30 September 2010: 6% to 10%) on revenue in accordance with relevant tax regulations in the PRC.

	Continuing operations Six months ended 30 September		**Discontinued operation Six months ended 30 September**		**Total Six months ended 30 September**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited and restated)	**(Unaudited)**	(Unaudited and restated)	**(Unaudited)**	(Unaudited)
Current tax						
Hong Kong:						
– Tax for the period	**1,686**	762	**–**	–	**1,686**	762
Overseas:						
– Tax for the period	**5,671**	1,918	**–**	–	**5,671**	1,918
	7,357	2,680	**–**	–	**7,357**	2,680
Deferred tax						
– Tax for the period	**(473)**	2,531	**–**	–	**(473)**	2,531
Total income tax expense	**6,884**	5,211	**–**	–	**6,884**	5,211

9. DISCONTINUED OPERATION

During the year ended 31 March 2011, the Group entered into agreements to dispose of its entire interests in Jade Dynasty Multi-media Development Limited ("JDMM") and Jade Dynasty Holdings Limited ("JDH") and their respective subsidiaries, the disposals were completed on 27 April 2010 and 18 November 2010 respectively. The operation of the publications and distributions of comic books and animation development carried out by JDH and JDMM and their respective subsidiaries up to the dates of disposals was presented in the interim financial report as a discontinued operation.

An analysis of the results of discontinued operation included in the consolidated statement of comprehensive income for the six months ended 30 September 2010 is as follows:

	Notes	*HK$'000* (Unaudited)
Loss for the period from discontinued operation:		
Revenue	*4*	30,928
Cost of sales		(29,810)
Gross profit		1,118
Other income	*5*	516
Selling and distribution costs		(1,466)
Administrative expenses		(7,320)
Other operating expenses		(3,500)
Operating loss	*6*	(10,652)
Finance costs	*7*	(11)
Loss before income tax		(10,663)
Income tax expense	*8*	–
Loss for the period		(10,663)
Loss on disposal of subsidiaries		(2,525)
Loss for the period from discontinued operation		(13,188)

10. 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 2010: contributed surplus) of the Company of HK0.5 cent (six months ended 30 September 2010: HK0.3 cent) per ordinary share, totalling HK$14,899,000 (six months ended 30 September 2010: HK$8,925,000) in respect of the six months ended 30 September 2011. The proposed dividend has not been reflected as a dividend payable in the interim financial report, but will be reflected as an appropriation of contributed surplus for the six months ended 30 September 2011.

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interim dividend to existing shareholders	**14,899**	8,469
Interim dividend to other shareholders*	**–**	456
	14,899	8,925

* *Subsequent to 30 September 2010, certain share options and convertible notes were exercised and converted and an aggregate of 152,160,000 ordinary shares (the "New Shares") were issued. The holders of the New Shares were 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 for the six months ended 30 September 2010 had been 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	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Final dividend of HK1 cent per share (2010: HK0.3 cent)		
– to existing shareholders	**29,763**	8,059
– to other shareholders#	**–**	450
	29,763	8,509

\# *Pursuant to the subscription agreement of the convertible notes, certain holders of convertible notes were also entitled to an equivalent amount of final dividend per share for the year ended 31 March 2010, namely As-if dividend, in the event of any capital distribution being declared on the shares. Accordingly, final dividend of approximately HK$450,000 was paid to the holders of convertible notes during the six months ended 30 September 2010.*

11. EARNINGS/(LOSS) PER SHARE

The calculations of basic and diluted earnings/(loss) per share are based on:

(a) Basic

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited and restated)
Earnings/(loss)		
Profit from continuing operations	**111,606**	45,410
Result attributable to non-controlling interests from continuing operations	**317**	–
Profit attributable to the owners of the Company from continuing operations	**111,923**	45,410
Loss from discontinued operation	**–**	(13,188)
Result attributable to non-controlling interests from discontinued operation	**–**	388
Loss attributable to the owners of the Company from discontinued operation	**–**	(12,800)
Profit attributable to the owners of the Company	**111,923**	32,610

	Six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue	**2,976,981,287**	2,693,520,435

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period.

(b) Diluted

The calculation of diluted earnings per share for the six months ended 30 September 2011 is based on the profit attributable to the owners of the Company of HK$111,923,000 as used in the calculation of basic earnings per share and the weighted average number of ordinary shares of 2,981,765,261 outstanding during the period, after adjusting for the effects of all dilutive potential ordinary shares.

The weighted average number of ordinary shares used in the calculation of diluted earnings per share is calculated based on the weighted average of 2,976,981,287 ordinary shares in issue during the period as used in the calculation of basic earnings per share plus the weighted average of 4,783,974 ordinary shares deemed to be issued at no consideration as if all the outstanding share option had been exercised.

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

12. BALANCES WITH RELATED PARTIES

(a) Rental deposits paid to related parties

During the six months ended 30 September 2011, the Group entered into several agreements with a substantial shareholder and his associate for leasing of properties as office premises, bonded warehouse and showrooms in the PRC. The rental deposits of approximately HK$14,232,000 have been recognised as non-current assets as at 30 September 2011.

(b) Amounts due from related parties

The amounts due from related parties were unsecured, interest-free and are repayable on demand but are expected to be repaid through setting off of future rental expenses.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

During the six months ended 30 September 2011, the Group acquired certain wine futures at acquisition cost of approximately HK$69,057,000. These wine futures were classified as financial assets at fair value through profit or loss. As at 30 September 2011, the fair value of these wine futures, determined by a firm of independent professional valuers with reference to the underlying value of the wines in the market, amounted to approximately HK$80,794,000. The gain of approximately HK$11,737,000 arising from the changes of the fair value of the wine futures have been recognised in profit or loss for the six months ended 30 September 2011 (six months ended 30 September 2010: HK$6,285,000) and included in other income as described in note 5.

14. 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 as at reporting dates, based on the invoice dates, and net of impairment losses, is as follows:

	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**20,552**	58,785
31 – 60 day	**509**	30,513
61 – 90 days	**966**	273
Over 90 days	**1,954**	1,054
	23,981	90,625

15 TRADE PAYABLES

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

	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**6,051**	12,248
31 – 60 day	**1,170**	1,246
61 – 90 days	**963**	80
Over 90 days	**1,549**	1,864
	9,733	15,438

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

It was a successful period in the Group's history that all segmental business records growth during this interim period.

Automobile Dealerships

The performance of automobile distributorships was very strong during the six months ended 30 September 2011. During this six-month period, number of automobiles sold in terms of different brands was 234 Bentley, 37 Lamborghini and 142 Rolls-Royce compared to 123 Bentley, 43 Lamborghini and 95 Rolls-Royce respectively of corresponding period of 2010.

Revenue of automobiles sales amounted to HK$1,926 million compared to HK$1,155 million of same period last year. The gross profit margin ("GPM") decreased slightly to 8.5% from 8.7% of same period last year.

Revenue derived from after-sales-service to automobiles amounted to HK$32.3 million compared to HK$17.2 million of corresponding period of last year. Out of the total revenue of HK$32.3 million from after-sales-service, HK$31.8 million came from Beijing service centre while HK$0.5 million came from Tianjin service centre.

At the same time, the gross profit margin of after-sales-service increased slightly to 55% from 54% of same period last year.

Watch Distributorships

During the current period, 96 pieces of Richard Mille watches, 67 pieces of DeWitt watches and 167 pieces of Parmigiani watches were sold (interim 2010: 34 Richard Mille, 37 DeWitt and 10 Parmigiani). The overall GPM for watches segment decreased from 52% to 28%. The decrease of the GPM was mainly attributable to the higher discount offered for watches sales under cross-selling scheme to car owners and other big spenders.

Nevertheless, we received significant support from certain brands in retrocession and sharing of communication and marketing expenses which were reflected in other income.

Jewellery Distributorships and wine dealerships

During the current period, reportable segment revenue for jewellery distribution and wines dealing were approximately HK$16.6 million and HK$9.3 million respectively compared to HK$6 million and HK$24,000 of corresponding period of 2010.

The overall GPM for jewellery segment decreased from 45% to 42%.

On the other hand, the overall GPM for fine wine dealership achieved a high record of 61% which is mainly attributable to our private label wine.

The significant increase in profit of the Group for this interim period as compared to the profit recorded in the corresponding period of last financial year is mainly attributable to the significant increase in segmental turnover of all major business segments of our Group. Besides, the profit of the Group for the first 6-month period of last financial year ended 30 September 2010 was reduced substantially by non-cash nature expenses including (a) allowance of impairment of trade receivable attributable to comics and animations development segment; (b) amortisation of film rights; (c) equity-settled share option expenses; (d) fair value losses on derivative financial instruments; (e) financial costs relating to effective interest expenses on convertible notes and (f) losses on disposal of subsidiaries. Since the above-mentioned expenses are non-cash nature and non-related to business operation, it would not have any impact on the financial position of the Group. In order to have more fairly assessment on the results of the business operation of the Group, the Board would like to draw attention of Shareholders and potential investors to such non-cash expenses. Moreover, the comics and animations development business of the Group were both disposed of in 2010 and there is no convertible notes issued, redeemed or outstanding for the interim period, thus above items (a), (b), (d), (e) and (f) did not appear in this interim period.

Numbers and Remuneration of Employees

As at 30 September 2011, the Group has 332 employees (31 March 2011: 291, 30 September 2010: 274). Staff costs (including directors' emoluments) charged to profit or loss amounted to approximately HK$20.3 million for six months ended 30 September 2011 (six months ended 30 September 2010: HK$38.8 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 (the "Options 1") 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. The exercise price of the Options 1 is HK$0.82. As at 31 March 2011, among the 154,528,000 share options granted, an aggregate of 14,356,000 were not exercised and carried forward to current financial year. In July 2011, 3,504,000 share options were exercised, thus leaving a balance of 10,852,000 share options outstanding.

During the six-month period ended 30 September 2011, an aggregate of 5,216,000 share options (the "Options 2") were further granted on 4 July 2011 to the employees of the Group. The exercise price of the Options 2 is HK$1.52 per share and none of the Options 2 were exercised yet.

Liquidity and Financial Resources

The Group's total assets as at 30 September 2011 were approximately HK$1,978.8 million (31 March 2011: HK$1,703.9 million) which were supported by the shareholders' fund of HK$1,361.7 million (31 March 2011: HK$1,263.2 million). On the other hand, the Group has total liabilities of HK$612.2 million (31 March 2011: HK$435.5 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 14.8% as at 30 September 2011 (31 March 2011: 4.2%).

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 2011, bank deposits of the Group with an aggregate carrying amount of approximately HK$43.2 million, (31 March 2011: HK$42.3 million) were pledged to secure general banking facilities granted to the Group.

PROSPECTS

Mainland's economy remained generally firm and stable in the first half of 2011, despite the continuing European debt problem and strong global inflation. Those factors did not have any effect on the Group's performance and the desire of our clients to purchase luxury goods. We are eager to report a 69.3% rise in the Luxury Goods Division's segment results at HK$2.08 billion in this interim period, compared with HK$1.23 billion in the corresponding period last year. The Group is fully confident with the performance of our Luxury Goods Division and has foreseen the splendid results to be achieved. Therefore, we issued a "positive alert" dated November 1 to keep our shareholders and potential investors informed on a significant increase in unaudited profit for the six-month period ended 30 September 2011 (the "Interim Period") expected. The above-mentioned profit alert announcement was only based on the preliminary review on the management accounts of the Group, which has not been confirmed nor audited by the Group's auditors.

The PRC's Luxury Goods Market

Due to strong global inflation and the devastating earthquake in Japan last March, there is general concern about the PRC luxury goods market on whether it has been suffering a slowdown or even experiencing negative growth. Based on research released in Beijing dated 10 June 2011 by the "World Luxury Association" titled *"China ready to overtake Japan as top luxury market"*, luxury goods sales value in the Chinese market, excluding private jets, yachts and luxury cars, will hit US$14.6 billion in 2012. This means an increase from US$10.7 billion in a 13-month period from February 2010 to March this year. Additionally, China has been enjoying the fastest annual growth worldwide while the US, Europe and Japan are unlikely to witness further sales growth in the next one to three years. The survey also ranks Japan as the leading country commanding a 29 percent share in the luxury market, followed by China with a 27 percent market share of global consumption, which is higher than 14 percent for the United States and 18 percent for Europe. The report concludes that luxury good sales in Japan, the current top market, have been crippled by the devastating earthquake in March, which forced 49 percent of brand store to halt business for one month after the disaster. It predicts a slump in sales will continue for a year and 70 percent of brands will shift their commercial plans to China. (Source: "China ready to overtake Japan as top luxury market" by World Luxury Association on 10 June 2011)

McKinsey & Company further assures that the China market will still enjoy strong growth. It issued a report named *"China Consumer Spending Survey 2011"* dated November 2011. The Chinese have taken to consumerism with ease, embracing thousands of new products, services, and brands. By 2020, real consumption will double to US$4.8 trillion and China will then be the world's second-biggest consumer market after the United States. Yet in some respects, private consumption remains stubbornly low. Chinese consumers still save, on average, over one-third of their incomes, compared with 4.4 percent in the United States. The Chinese government, keen to rebalance the economy, has responded by flagging domestic consumption as a top priority in its latest five-year economic plan. This is good news for companies selling to the Chinese. (Source: "2011 Annual Chinese Consumer Study – The New Frontiers of Growth" by McKinsey & Company in October 2011).

Automobile Dealerships

Automobile sales in the PRC remain strong and 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$1.93 billion, an increase of 66.8% compared with the same period last year. Among them, the performance of Bentley was the best, with sales jumping over two times from the same period last year. Turnover reached approximately HK$953 million partly due to the launch of a brand-new dealership area in Tianjin in June this year, which opened up an additional point of sales for the brand. The number of Bentley sold was 234 (205 units were sold in Beijing and 29 units in Tianjin) during this interim period, which leapt over 1.9 times from the same period last year.

Rolls-Royce ranked second in terms of sales growth during this period, recording an increase of 62.7% to approximately HK$838 million with 142 units sold, compared with 95 cars sold in the same period last year. We also expect that Beijing dealerships of all three brands will gain prominent position in global sales ranking in calendar year 2011.

Revenues from the after-sales services of this interim period was encouraging and reached approximately HK$32 million, an increase of 88.0% compared with the same period last year. We foresee the after-sales income will further grow steadily in the upcoming financial periods.

Watch Distributorships

We are so glad to see the stable performance of the watch segment, with turnover reaching approximately HK$103 million during this interim period, an increase of 87.3% compared with the same period last year. Among those super brands under our portfolio are Richard Mille, DeWitt, Parmigiani and deLaCour BiTourbillon. The Group is pleased to see that sales of Richard Mille have been increasing drastically upon extending the point of sales in Beijing, Shanghai and the second-tiered city, Dalian, 96 watches of Richard Mille were sold compared with 34 pieces in the same period last year.

For our another super brand Parmigiani, we were pleased to report the grand event of the opening of its first China flagship in Beijing on 18 October 2011. Parmigiani's first-ever China flagship shop is located in the prestigious Legendale Hotel on Jinbao Street in Beijing with a gross area of 240 square meters. With additional points of sales driving up sales of the brand, a total of 167 watches were sold compared with 10 in the same period last year, a 16-time increase.

Jewellery Distributorships

One additional point of sales located in Beijing Sparkle Roll Luxury World (Hua Mao) was opened in January 2011 on top of the two Boucheron boutiques in Shanghai including Plaza 66 and Hong Kong Plaza. During the interim period, the Group recorded a turnover of approximately HK$17 million, an increase of 183% compared with the same period last year with a total of 221 pieces of jewelry sold. Coupled with a newly-recruited super brand, Royal Asscher in March 2011 and Boucheron, we are optimistic that our jewellery business will gain further momentum in the upcoming financial period.

The Group is still actively seeking potential areas to open more points of sales for our top-tier branded jewelry. We hope to implement the plan soon so that all the jewelry brands will be able to generate satisfactory income to the Group in the upcoming financial periods.

Fine Wines Dealerships

With a strong list of Bordeaux and Burgundy fine wines under our arm, we are proud to announce a turnover of approximately HK$1.9 million with a total of 250 bottles of fine wines sold during the interim period, which leapt over 27 times from the same period last year upon the opening of the cozy wine cellar named "Sparkle Roll Fine Wine" located in "Beijing Sparkle Roll Luxury World (Hua Mao)" which was officially launched In June 2011. Although there is speculation that the prices of renowned fine wines will be dropping, we will not be affected because of our close relationships with negociants or wine merchants. All our fine wines are directly imported from those negociants or wine merchants free from a fluctuating market atmosphere and the Group is confident that fine wines will continue to be popular and pursued by wine lovers and collectors in the PRC.

Since the birth of our private label wine, "Ex-Chateaux"(逸仕賞度), it contributed approximately HK$7.4 million in turnover during this interim period with a total of 43,032 bottles sold.

More encouraging is our investment in wine future or En Primeur 2010 during the interim period. It recorded a fair value gain of approximately HK$11.7 million.

Outlook

Thanks largely to the outstanding performance of our luxury goods business, the Board is pleased to declare an interim dividend of HK0.5 cent per share to share the fruits of our success with our shareholders.

As mentioned in our Annual Report 2011, our expansion projects in Beijing and Tianjin are up and running. We have been incurring rental expenses since July 2011 which have also affected segment results. We would like to report the Beijing project named "Beijing Sparkle Roll Luxury World (China Headquarter)", a shopping mall complex that houses a "Bentley Beijing Century Showroom", a wine cellar, a luxury world for watches and jewelry and a bonded warehouse for exhibitions purposes plus office spaces will be tentatively launched by stages in the first half of 2012.

For the project in Tianjin, which includes formally a new showroom for another ultra-luxury car plus a service center operation with Tianjin Sparkle Roll Luxury World, the Group is now working on its final stage and hopes to launch it in the next 3 months.

We believe the continuing growth and development of Mainland China will carry on in 2012 to ensure our sustainable development to become a luxury brands management empire in the PRC. Nevertheless, we have adopted a prudent approach and aim to enhance our relationship with commercial bankers to support our future business development.

We are determined to develop and expand our non-auto businesses. As the first step, in order to provide a wider range of products to our customers, we entered into a cooperation agreement in September 2011 initially for a period of 12 months with Buben & Zorweg Group based in Austria. It is a top-notch manufacturer in OBJECTS OF TIME which are a combination of watch winder, clocks (tourbillon), safe, wine fridge, humidor and additional functions as hifi system etc. In addition, we are in contacts with a few top-notch brands to explore other right opportunities.

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 HK0.5 cent (six months ended 30 September 2010: HK0.3 cent) per share. Further announcement will be made on 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 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed on Wednesday, 21 December 2011, during which no transfers of shares will be effected. To determine entitlement of shareholders to the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 20 December 2011.

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 2011.

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 the management, 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 2011 (the "Interim Financial Report"). The Audit Committee is not aware of any material modifications that should have been made to the Interim Financial Report for the six months ended 30 September 2011.

BDO Limited has reviewed the Interim Financial Report in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", and the HKAS 34 "Interim Financial Reporting", both of which were issued by the HKICPA.

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 Report, 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 Report 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, 21 November 2011

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.