Sparkle Roll Group Limited
耀萊集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 970)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012

RESULTS

The Board of directors (the "Board" or "Directors") of Sparkle Roll Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 March 2012, together with the comparative figures for the last corresponding year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Continuing operations			
Revenue	4	**4,427,423**	3,286,688
Cost of sales		**(3,975,510)**	(2,919,521)
Gross profit		**451,913**	367,167
Other income	5	**80,942**	49,963
Selling and distribution costs		**(224,095)**	(125,109)
Administrative expenses		**(74,143)**	(70,984)
Other operating expenses		**–**	(3,710)
Operating profit	6	**234,617**	217,327
Finance costs	7	**(9,990)**	(8,556)
Profit before income tax		**224,627**	208,771
Income tax expense	8	**(10,939)**	(9,889)
Profit for the year from continuing operations		**213,688**	198,882

* *for identification purpose only*

	Notes	2012 HK$'000	2011 HK$'000
Discontinued operation			
Loss for the year from discontinued operation	9	**–**	(16,023)
Profit for the year		**213,688**	182,859
Other comprehensive income, net of tax			
Release of exchange reserve upon disposal of subsidiaries		**–**	(4,061)
Exchange gains on translation of financial statements of foreign operations		**15,181**	4,046
Total comprehensive income for the year		**228,869**	182,844
Profit/(loss) for the year attributable to:			
Owners of the Company		**214,188**	183,677
Non-controlling interests		**(500)**	(818)
		213,688	182,859
Total comprehensive income attributable to:			
Owners of the Company		**229,390**	183,662
Non-controlling interests		**(521)**	(818)
		228,869	182,844
Earnings/(loss) per share from continuing and discontinued operations attributable to the owners of the Company during the year	11		
Basic earnings/(loss) per share			
from continuing operations		**HK7.2 cents**	HK7.1 cents
from discontinued operation		**N/A**	HK(0.6) cent
		HK7.2 cents	HK6.5 cents
Diluted earnings/(loss) per share			
from continuing operations		**HK7.2 cents**	HK7.1 cents
from discontinued operation		**N/A**	HK(0.6) cent
		HK7.2 cents	HK6.5 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**92,969**	79,603
Goodwill	*12*	**580,679**	580,679
Other intangible assets		**2,380**	3,917
Rental deposits paid to related parties		**14,232**	–
Prepayment for acquisition of property, plant and equipment		**53,206**	–
Financial assets at fair value through profit or loss		**79,837**	–
		823,303	664,199
Current assets			
Inventories		**508,649**	353,469
Trade receivables	*13*	**29,529**	90,625
Deposits, prepayments and other receivables		**374,436**	337,726
Amount due from a related party		**14,232**	–
Tax recoverable		**–**	279
Derivative financial instruments		**3,208**	–
Pledged bank deposits		**39,126**	42,325
Cash at banks and in hand		**130,382**	215,300
		1,099,562	1,039,724
Current liabilities			
Trade payables	*14*	**20,435**	15,438
Receipts in advance, accrued charges and other payables		**166,408**	307,422
Amounts due to related parties		**2,276**	46,448
Provision for taxation		**7,097**	6,099
Borrowings		**208,433**	53,665
		404,649	429,072
Net current assets		**694,913**	610,652
Total assets less current liabilities		**1,518,216**	1,274,851

	2012	2011
	HK$'000	*HK$'000*
Non-current liabilities		
Other payables	**3,089**	3,666
Borrowings	**56,000**	–
Deferred tax liabilities	**2,153**	2,734
	61,242	6,400
Net assets	**1,456,974**	1,268,451
EQUITY		
Share capital	**5,959**	5,952
Reserves	**1,437,329**	1,227,468
Proposed final dividend	**8,939**	29,763
Equity attributable to the owners of the Company	**1,452,227**	1,263,183
Non-controlling interests	**4,747**	5,268
Total equity	**1,456,974**	1,268,451

NOTES

1. **Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. **Adoption of new or amended HKFRSs**

In the current year, the Group has applied for the first time all of the new standards, amendments and interpretations (the "new or amended HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the year.

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

HKAS 24 (Revised) – Related Party Disclosures

HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has reassessed the identification of its related parties in accordance with the revised definition and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous years.

HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

At the date of this announcement, the following new or amended HKFRSs, potentially relevant to the Group, have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[2]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities[5]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Statements[4]

[1] *Effective for annual periods beginning on or after 1 July 2011*

[2] *Effective for annual periods beginning on or after 1 January 2012*

[3] *Effective for annual periods beginning on or after 1 July 2012*

[4] *Effective for annual periods beginning on or after 1 January 2013*

[5] *Effective for annual periods beginning on or after 1 January 2014*

[6] *Effective for annual periods beginning on or after 1 January 2015*

The Group has already commenced an assessment of related impact of adopting the above new or amended HKFRSs to the Group. The Group is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the financial statements will be resulted.

3. 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 BiTourbillon;

Trading of branded jewelleries – Distribute branded jewelleries, namely Boucheron, Federico Buccellati and Royal Asscher;

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 operating segment has been 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. Inter-segment transactions are priced with reference to prices charged to external parties for similar order.

	2012				
	Continuing operations				
	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 jewelleries** *HK$'000*	**Trading of fine wines** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**4,187,129**	**187,987**	**35,854**	**16,453**	**4,427,423**
Other income	**27,914**	**21,067**	**5,919**	**21,247**	**76,147**
Reportable segment revenue	**4,215,043**	**209,054**	**41,773**	**37,700**	**4,503,570**
Reportable segment results	**250,556**	**8,590**	**272**	**1,621**	**261,039**
Amortisation of other intangible assets	**–**	**(1,277)**	**(260)**	**–**	**(1,537)**
Depreciation of property, plant and equipment	**(11,666)**	**(5,177)**	**(3,711)**	**(3,364)**	**(23,918)**
Fair value gains on financial assets at fair value through profit or loss	**–**	**–**	**–**	**10,171**	**10,171**
Operating lease payments in respect of rented premises	**(34,507)**	**(29,825)**	**(10,209)**	**(19,096)**	**(93,637)**
Sub-lease income	**–**	**7,891**	**2,986**	**10,450**	**21,327**
Reportable segment assets	**1,310,632**	**253,624**	**93,666**	**241,996**	**1,899,918**
Corporate assets:					
– financial assets					**19,172**
– non-financial assets					**3,775**
Consolidated total assets					**1,922,865**
Additions to non-current segment assets during the year	**89,878**	**4,890**	**2,958**	**76,189**	**173,915**
Reportable segment liabilities	**162,012**	**24,419**	**600**	**4,113**	**191,144**
Corporate liabilities:					
– financial liabilities					**265,497**
– non-financial liabilities					**9,250**
Consolidated total liabilities					**465,891**

	2011					
	Continuing operations				Discontinued operation	
	Trading of automobiles and related parts and accessories and provision of after-sale services	Trading of branded watches	Trading of branded jewelleries	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	3,070,935	137,823	16,065	61,865	36,297	3,322,985
Other income	21,292	2,171	558	25,351	563	49,935
Reportable segment revenue	3,092,227	139,994	16,623	87,216	36,860	3,372,920
Reportable segment results	211,628	18,770	72	35,019	(16,022)	249,467
Allowance for impairment of receivables	–	–	–	–	(3,500)	(3,500)
Amortisation of:						
– film rights	–	–	–	–	(2,490)	(2,490)
– other intangible assets	–	(1,277)	(260)	–	–	(1,537)
Depreciation of property, plant and equipment	(6,042)	(2,728)	(1,147)	(1,101)	(302)	(11,320)
Fair value gains on financial assets at fair value through profit or loss	–	–	–	23,205	–	23,205
Loss on disposal of subsidiaries	–	–	–	–	(4,511)	(4,511)
Operating lease payments in respect of rented premises	(13,910)	(18,847)	(7,619)	(6,273)	(2,471)	(49,120)
Property, plant and equipment written-off	–	–	–	–	(519)	(519)
Sub-lease income	–	1,473	558	1,951	–	3,982
Write-down of inventories to net realisable value	–	–	–	–	(670)	(670)
Reportable segment assets	1,158,546	295,603	68,309	174,868	–	1,697,326
Corporate assets:						
– financial assets						5,134
– non-financial assets						1,463
Consolidated total assets						1,703,923
Additions to non-current segment assets during the year	29,707	21,094	9,609	11,930	–	72,340
Reportable segment liabilities	345,837	19,487	1,380	4,832	–	371,536
Corporate liabilities:						
– financial liabilities						55,103
– non-financial liabilities						8,833
Consolidated total liabilities						435,472

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

	2012	2011
	HK$'000	*HK$'000*
Reportable segment results	**261,039**	249,467
Bank interest income	**1,587**	601
Fair value gains/(losses) on derivative financial instruments	**3,208**	(3,710)
Equity-settled share option expenses	**(1,443)**	(18,991)
Unallocated corporate expenses	**(29,774)**	(26,052)
Finance costs	**(9,990)**	(8,567)
Profit before income tax from continuing and discontinued operations, including loss on disposal of subsidiaries	**224,627**	192,748

The Group's revenue from external customers and its non-current assets (other than financial instruments) are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	2012	2011	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Mainland China and Hong Kong (domicile)	**4,322,970**	3,320,751	**729,119**	664,199
Malaysia	**104,453**	–	**115**	–
Others	**–**	2,234	**–**	–
	4,427,423	3,322,985	**729,234**	664,199

The geographical location of customers is based on the location at which the services were provided or the goods delivered. For goodwill and other intangible assets, the geographical location is based on the entities' area of operation. The geographical location of other non-current assets is based on the physical location of the assets. Management determines the Group is domiciled in Mainland China and Hong Kong, which are the Group's principal operating locations.

4. Revenue

Revenue from the Group's principal activities recognised during the year is as follows:

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Sale of automobiles	**4,106,277**	3,016,948
Sale of branded jewelleries	**35,854**	16,065
Sale of branded watches	**187,987**	137,823
Sale of fine wines	**16,453**	61,865
Income from provision of after-sale services	**80,852**	53,987
	4,427,423	3,286,688
Discontinued operation		
Sale of comics books	**–**	32,616
Sale of comics scripts	**–**	52
Sale of merchandised goods	**–**	860
Royalty income	**–**	2,727
Subcontracting income for animation production	**–**	28
Online comics viewing income	**–**	14
	–	36,297
Total revenue	**4,427,423**	3,322,985

5. Other income

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Bank interest income	**1,587**	591
Bonus from suppliers	**25,554**	10,698
Exchange gains, net	**608**	–
Fair value gains on derivative financial instruments	**3,208**	–
Fair value gains on financial assets at fair value through profit or loss	**10,171**	23,205
Gain on disposals of property, plant and equipment	**1,279**	–
Income from exhibitions	**903**	1,767
Income from insurance brokerage	**14,398**	7,565
Sub-lease income	**21,327**	3,982
Others	**1,907**	2,155
	80,942	49,963
Discontinued operation		
Advertising income	**–**	4
Bank interest income	**–**	10
Colour and manuscript income	**–**	200
Exchange gains, net	**–**	20
Gain on disposals of property, plant and equipment	**–**	158
Others	**–**	181
	–	573
Total other income	**80,942**	50,536

6. Operating profit

	2012 HK$'000	2011 HK$'000
Continuing operations		
Operating profit is arrived at after charging/(crediting):		
Amortisation of other intangible assets##	**1,537**	1,537
Auditor's remuneration	**1,650**	1,590
Add: Under-provision in prior years	**–**	550
	1,650	2,140
Cost of inventories recognised as expense	**3,975,510**	2,919,521
Depreciation of property, plant and equipment###	**24,818**	12,172
Equity-settled share option expenses for eligible persons other than staff	**–**	7,313
Exchange differences, net	**(608)**	4,698
Fair value (gains)/losses on derivative financial instruments**	**(3,208)**	3,710
Gain on disposals of property, plant and equipment	**(1,279)**	–
Operating lease payments in respect of rented premises	**101,879**	49,017
Defined contribution retirement benefits scheme contributions for employees	**5,018**	1,922
Staff costs, including directors' emoluments	**38,738**	24,899
Equity-settled share option expenses for staff	**1,443**	11,678
Total staff costs and staff costs charged to profit or loss	**45,199**	38,499
Discontinued operation		
Operating loss is arrived at after charging/(crediting):		
Allowance for impairment of receivables*	**–**	3,500
Amortisation of film rights#	**–**	2,490
Cost of inventories recognised as expense, including the following expenses which are also included in the respective total amounts separately disclosed	**–**	19,358
– Write-down of inventories to net realisable value#	**–**	670
– Depreciation	**–**	102
– Staff costs	**–**	7,433
Depreciation of property, plant and equipment###	**–**	302
Gain on disposals of property, plant and equipment	**–**	(158)
Loss on disposals of subsidiaries	**–**	4,511
Operating lease payments in respect of rented premises	**–**	2,471
Property, plant and equipment written-off*	**–**	519
Defined contribution retirement benefits scheme contributions for employees	**–**	596
Staff costs, including directors' emoluments	**–**	15,977
Total staff costs	**–**	16,573
Amounts capitalised in inventories	**–**	(585)
Staff costs charged to profit or loss	**–**	15,988

#	*The amounts have been included in cost of sales under discontinued operation.*
##	*Amortisation of other intangible assets for continuing operations of approximately HK$1,537,000 (2011: HK$1,537,000) has been included in administrative expenses.*
###	*Depreciation for continuing operations of approximately HK$18,484,000 (2011: HK$9,514,000) has been included in selling and distribution costs and approximately HK$6,334,000 (2011: HK$2,658,000) has been included in administrative expenses.* *Depreciation for discontinued operation of approximately HK$102,000 has been included in cost of sales and approximately HK$200,000 has been included in administrative expenses for the year ended 31 March 2011.*
*	*The amounts have been included in other operating expenses under discontinued operation.*
**	*The amounts have been included in other income (2011: other operating expenses).*

7. Finance costs

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Interest expenses on financial liabilities stated at amortised costs:		
– bank loans and overdrafts wholly repayable within five years	**9,990**	2,461
– effective interest expenses on convertible notes for the year	**–**	6,095
	9,990	8,556
Discontinued operation		
Interest expenses on financial liabilities stated at amortised costs:		
– other loans wholly repayable within five years	**–**	11
	9,990	8,567

8. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the year. Taxation on profits derived outside Hong Kong has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates.

Income tax of certain subsidiaries of the Company in the PRC is charged at progressive rates ranging from 18% to 25% (2011: 18% to 25%) on deemed profits calculated at 7% to 10% (2011: 6% to 10%) on revenue in accordance with relevant tax regulations in the PRC.

	Continuing operations		**Discontinued operation**		**Total**	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Current tax						
Hong Kong:						
Current year	**666**	1,477	**–**	–	**666**	1,477
Overseas:						
Current year	**10,854**	5,884	**–**	–	**10,854**	5,884
	11,520	7,361	**–**	–	**11,520**	7,361
Deferred tax						
Current year	**(581)**	2,528	**–**	–	**(581)**	2,528
Total income tax expense	**10,939**	9,889	**–**	–	**10,939**	9,889

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 consolidated financial statements of the Group as a discontinued operation.

An analysis of the results of discontinued operation included in the consolidated statement of comprehensive income for the year ended 31 March 2011 is as follows:

	Notes	*HK$'000*
Loss for the year from discontinued operation:		
Revenue	*4*	36,297
Cost of sales		(33,888)
Gross profit		2,409
Other income	*5*	573
Selling and distribution costs		(1,665)
Administrative expenses		(8,799)
Other operating expenses		(4,019)
Operating loss	*6*	(11,501)
Finance costs	*7*	(11)
Loss before income tax		(11,512)
Income tax expense	*8*	–
Loss for the year		(11,512)
Loss on disposal of subsidiaries		(4,511)
Loss for the year from discontinued operation		(16,023)

10. Dividends

(a) Dividends attributable to the year

	2012	2011
	HK$'000	*HK$'000*
Interim dividends of HK0.5 cent (2011: HK0.3 cent) per share		
– to existing shareholders	**14,899**	8,469
– to other shareholders*	**–**	460
	14,899	8,929
Proposed final dividend of HK0.3 cent (2011: HK1 cent) per share	**8,939**	29,763
	23,838	38,692

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

	2012	2011
	HK$'000	*HK$'000*
Final dividend of HK1 cent (2011: HK0.3 cent) per share		
– to existing shareholders	**29,763**	8,059
– to other shareholders*	**–**	450
	29,763	8,509

Note:

* Subsequent to 30 September 2010, certain share options and convertible notes were exercised and converted and an aggregate of 153,416,000 ordinary shares (the "New Shares") were issued. The holders of the New Shares were also entitled to the interim dividend pursuant to the relevant provisions in the Company's Bye-laws. Accordingly, an interim dividend of approximately HK$460,000 was paid to the holders of the New Shares.

Pursuant to the subscription agreement of the convertible notes, the 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 year ended 31 March 2011.

The directors of the Company recommend the payment of a final dividend out of the contributed surplus of the Company of HK0.3 cent per ordinary share, totalling approximately HK$8,939,000 in respect of the year ended 31 March 2012. Such a dividend is to be approved by the Company's shareholders at the upcoming Annual General Meeting. The proposed dividend has not been reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of contributed surplus for the year ended 31 March 2012.

11. Earnings/(loss) per share

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

	2012	2011
	HK$'000	*HK$'000*
From continuing operations		
Profit from continuing operations	**213,688**	198,882
Results attributable to non-controlling interests from continuing operations	**500**	430
Profit attributable to equity holders of the Company from continuing operations	**214,188**	199,312
From discontinued operation		
Loss from discontinued operation	**–**	(16,023)
Results attributable to non-controlling interests from discontinued operation	**–**	388
Loss attributable to equity holders of the Company from discontinued operation	**–**	(15,635)
From continuing and discontinued operations		
Profit attributable to equity holders of the Company	**214,188**	183,677

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average of 2,978,405,069 (2011: 2,823,130,463) ordinary shares in issue during the year ended 31 March 2012.

(b) Diluted

Diluted earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the adjusted weighted average number of ordinary shares in issue during the year.

The weighted average number of ordinary shares used in the calculation of diluted earnings/(loss) per share was calculated based on the weighted average of 2,978,405,069 (2011: 2,823,130,463) ordinary shares in issue during the year ended 31 March 2012 as used in the calculation of basic earnings/(loss) per share plus the weighted average of 2,596,800 (2011: 3,323,512) ordinary shares deemed to be issued at no consideration as if all the outstanding share options had been exercised.

12. Goodwill

The net carrying amount of goodwill can be analysed as follows:

	2012	2011
	HK$'000	*HK$'000*
At beginning of the year		
Gross carrying amount	**580,679**	724,580
Accumulated impairment	**–**	(127,246)
Net carrying amount	**580,679**	597,334
Year ended 31 March		
Opening net carrying amount	**580,679**	597,334
Disposal of subsidiaries	**–**	(16,655)
Closing net carrying amount	**580,679**	580,679
At end of the year		
Gross carrying amount	**580,679**	580,679
Accumulated impairment	**–**	–
Net carrying amount	**580,679**	580,679

The main changes in the carrying amount of goodwill during the year ended 31 March 2011 resulted from impairment of previously recognised goodwill.

The carrying amount of goodwill, net of any allowance for impairment, is allocated to the cash-generating unit ("CGU") of the business of trading of automobiles and related parts and accessories and provision of after-sale services.

The recoverable amounts for the CGU of the business of trading of automobiles and related parts and accessories and provision of after-sale services as at 31 March 2011 and 2012 were determined based on value-in-use calculations based on cash flow projections from formally approved budgets, covering a detailed five-year budget plan, followed by an extrapolation of expected cash flows at the growth rates below. The growth rates reflect the long-term estimated average growth rates for the product lines of the CGU.

The key assumptions for the value-in-use calculations are:

	2012	2011
Growth rates	**20%**	20%
Discount rates	**15%**	15%

The key assumptions have been determined based on past performance and its expectations for the market's share after taking into consideration published market forecast and research. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

Apart from the considerations described in determining the value-in-use of the CGU above, the Group's management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

13. Trade receivables

An ageing analysis of trade receivables as at the reporting date, based on the invoice dates, and net of impairment losses, is as follows:

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**20,698**	58,785
31 – 60 days	**7,143**	30,513
61 – 90 days	**256**	273
Over 90 days	**1,432**	1,054
	29,529	90,625

14. Trade payables

The following is an ageing analysis of trade payables as at the reporting date:

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**11,855**	12,248
31 – 60 days	**4,597**	1,246
61 – 90 days	**600**	80
Over 90 days	**3,383**	1,864
	20,435	15,438

BUSINESS REVIEW

CHAIRMAN'S STATEMENT

2012 is a year full of challenges as the Asian economies are extremely volatile to the Eurozone nations' debt problems, the US recovery from the financial crisis, global inflationary pressure and a slowdown in China's growth. Although Mainland China maintained a robust GDP growth of 9.2% in 2011, our Central Government cut the economic growth forecast to 7.5% in 2012.

In light of the challenging environment this financial year, our board of directors has already adopted prudent measures to ensure the Group's top-tier luxury goods distributorship business continues to benefit in a stable manner. During this financial year, the Group's revenue for continuing operations increased 35%, reaching HK$4.427 billion, compared with HK$3.287 billion in the previous financial year. We have been focusing on opportunities to extend our footprint in Mainland China, not limited to the first-tier cities but second-tier cities as well.

Our net profit after tax for the year increased by 16.8%, reaching HK$213.7 million, compared with HK$182.9 million in the previous financial year. The increase was not in line with revenue because of slimmer profit margins of our watch and jewellery divisions, carried forward from the first half of this financial year, as well as rental changes paid during the construction of "Beijing Sparkle Roll Luxury World (China Headquarter)" and "Tianjin Sparkle Roll Luxury World". With these two shopping malls in full operations in the near future, we expect to see significant contributions to our non-auto divisions. Further, our head office in Beijing will be relocated to the "Beijing Sparkle Roll Luxury World (China Headquarter)" in or about August this year.

China's Luxury Goods Market

Due to the unstable global financial environment, we have received ongoing updates and research reports from several reputable authorities, investment banks and global research houses stating that China's Luxury Market has been slowing down a bit. According to the "Dipped in Gold" issued by CLSA Asia-Pacific Markets analyst Aaron Fischer in May 2012, he is particularly optimistic about established brands, predicting global growth of 10% in 2012, down slightly from last year's 14% rise. He also pointed out the luxury sector proved resilient during an economic downturn. Mr. Fischer tackled the Wall Street bonuses equal big watches and nice handbags myth by explaining that only around 5 percent of luxury sales come from the financial sector. So even with bonuses well off pre-crisis levels, the luxury sector has plenty of potential to shine. Additionally, he predicted that emerging markets' share of global luxury demand will increase to 73% by 2020, up from 50% at present, with China playing a leading role.

According to the "2012 Outlook for the Retail and Consumer Products Sector in Asia" ("2012 Outlook PWC") issued by PricewaterhouseCoopers in December 2011, luxury sales in Mainland China rose 30% in 2010 and are forecast to grow 25% in 2011 to Euro 11.5 billion (US$15.5 billion), when sales in Greater China will likely exceed Japan the first time. China's second-tier and third-tier cities will be important markets. China will be the top contributor to growth in luxury sales worldwide through 2014. Chinese consumers from Mainland and Greater China (including Hong Kong, Macau and Taiwan), including Chinese tourists, are already the world's number two luxury customers behind those from the US.

BUSINESS REVIEW

Automobile Dealerships

During the year, revenue of the ultra-luxury automobile for the distributorship of Bentley, Lamborghini and Rolls-Royce recorded an approximate 36% increase to HK$4.106 billion, compared with HK$3.017 billion in the previous financial year. All ultra-luxury cars under the Group have performed well during this financial year, especially Bentley which has outperformed with 487 units sold, representing a 67% increase in units sold in this financial year compared with 291 during the previous financial year.

According to the information under Bentley Motors Worldwide's official website, China has become Bentley's biggest market in the world. During the first quarter of 2012, sales in the region grew by approximately 84% compared with the same period in 2011. It proves Bentley has become the favorite among China's rich. "Bentley Beijing Century Showroom" of Bentley, the Group's distributor brand, housed at "Beijing Sparkle Roll Luxury World (China Headquarter)", was recently opened. The showroom is one of the world's largest Bentley dealerships, with a gross area of 1,135 square meters and a total investment of RMB 35 million. It further promotes Bentley's supreme quality as well as marketing and sales activities in the China market. We strongly believe the opening of this showroom shall bring favorable returns to our shareholders.

Lamborghini's performance was satisfactory during this financial year with a total of 79 units sold, representing an increase of 9.7% compared with 72 in the previous financial year.

Same as 2010, Rolls-Royce Beijing was again ranked No. 1 worldwide in 2011 among all the worldwide dealers in the ceremony organized by Rolls-Royce Motor Cars Limited in New York in February 2012. The Group's Beijing Rolls-Royce dealer has been awarded "Outstanding sales success of 2011 – the most cars sold in a single year in the 107-year history of Rolls-Royce", "Winner APAC Sales" and "Winner Greater China Sales" by the world's top luxury motor brand, Rolls-Royce. In terms of Rolls-Royce sold, it has recorded a decrease at 271 units this financial year, compared with 295 during the previous financial year when the Ghost model was first launched in the China market. And Rolls-Royce Tianjin was officially inaugurated during the second half of this financial year.

Encouragingly, income from provision of after-sale services continued to surge during this financial year. Total revenue recorded a 50% increase during this financial year compared with the previous financial year.

Mainland China has emerged as one of the most important markets for these auto brands concerned. It is inevitable to see a wider dealership network for each brand to be set up in the years ahead, thus creating more competition, but we are confident of achieving sustainable growth given our track record and quality of our after-sale services established in the past years.

Watch Distributorships

During the year, the performance of our super deluxe branded watch division performed exceptionally well, particularly with Parmigiani. A total of 319 watches were sold, which rocketed approximately 8 times compared with 37 in the previous financial year. Another super brand, Richard Mille, also outperformed, and contributed over half of this division's total revenue with 150 watches sold. Lastly, DeWitt also recorded steady sales during this financial year compared with the previous financial year with a total of 102 watches sold. We are confident that the opening of Beijing Sparkle Roll Luxury World (China Headquarter) in the second half of 2012 will surely boost the sales of the watch division.

Jewellery Distributorships

Since acquiring the top-tier branded jewellery distributorship business at the end of 2009, the jewellery division has continued to perform well due to the expansion of points of sales, along with the growing acceptance and popularity of one of the brands under our Group, Boucheron, in the PRC market.

Boucheron, the first renowned top-tier brand we worked with, has outperformed during this financial year. Sales more than doubled from the previous financial year, reaching around HK$35 million compared with HK$16 million.

Another renowned brand under our Group, Royal Asscher, started operating right after joining our brand alliance in the second quarter of 2011, and its Beijing corner was up and running at Beijing Sparkle Roll Luxury World (Hua Mao) in the fourth quarter of 2011. During this financial year, the brand recorded sales of 9 high-end jewellery pieces.

After mutual discussion and deliberations, we have prematurely ended our contract in March 2012 with Federico Buccellati, another top-tier branded jewellery. We are so sad to make such a decision due to the competitive high-end jewellery market.

Fine Wines Distributorships

The Group's private label wine – "Ex-Chateaux"(逸仕賞度)– launched in collaboration with our partner negociants from Bordeaux, was selling well during this financial year upon a retail establishment located at the basement of our Beijing Sparkle Roll Luxury World (Hua Mao). Sales of Ex-Chateaux during this financial year jumped over 4 times to HK$12.60 million. However, sales of top fine wines dropped to HK$3.85 million versus HK$58.8 million in the previous financial year. We have reserved replenishment stock of top fine wines in the summer of 2011. Since then, the prices of top fine wines had become volatile. We therefore decided to wait for the international markets of top fine wines to stabilize and the right opportunity to sell these bottles to consumers and collectors, the population of which have been increasing throughout Mainland China, with reasonable returns.

On top of the existing cozy wine cellar located at the basement of our Beijing Sparkle Roll Luxury World (Hua Mao) in Beijing, the Group plans to launch another wine cellar in the Beijing Sparkle Roll Luxury World (China Headquarter) in a month or two. In addition, there will also be a wine cellar in Tianjin Sparkle Roll Luxury World.

Additionally, our investment on wine futures or "En Primeur 2010" during this financial year is still under the Group's books after we disposed of "En Primeur 2009" in the previous financial year. Both 2009 and 2010 vintages are regarded by influential and famous wine critics, Mr. Robert Parker and Ms. Jancis Robinson, as two of the greatest vintages in recent decades. We therefore firmly believe our investment of En Primeur 2010 will yield reasonable returns in the foreseeable future, same as En Primeur 2009.

RECENT DEVELOPMENT AND PROSPECT

According to 2012 Outlook PWC, sales of China's luxury market are expected to increase to US$15.5 billion in 2011. China is likely to exceed Japan to become the world's largest luxury market.

With China becoming the world's largest luxury market and playing a more prominent role in the global luxury market, the Group will continue to expand our luxury goods business in the PRC, so as to leverage our brand manager role to encourage more luxury brands to establish a foothold in Mainland China. To bridge east with west and foster cultural exchanges, we are going to organize and co-sponsor the first "Beijing Sparkle Roll Luxury Brands Culture Expo 2012 Fall" in early September 2012 together with China – Europe Association for Technical and Economic Cooperation under the Ministry of Commerce. We hope to hold this event on an annual basis.

After the grand launch of "Bentley Beijing Century Showroom" housed at "Beijing Sparkle Roll Luxury World (China Headquarter)", other elements of the shopping mall complex including a wine cellar, a luxury world for watches and jewellery, a warehouse and office spaces will tentatively be launched in the third quarter of 2012.

Tianjin Sparkle Roll Luxury World, which houses our Bentley and Rolls-Royce showrooms on Level 1, is also due to open in the third quarter of 2012.

Looking ahead, the Group is still cautiously optimistic towards the luxury goods markets in the PRC especially in light of the recent monetary easing measures. We will continue to adopt a prudent approach to increase our presence and expand our luxury goods market in the PRC.

On this note, we reduce the dividend payout ratio for this financial year, thus reserving more capital to meet the challenges ahead.

FINANCIAL REVIEW

The revenue of the continuing operations of the Group for the year ended 31 March 2012 of approximately HK$4,427.4 million represented an increase of approximately 35% compared to approximately HK$3,286.7 million recorded in the corresponding period of last year. The significant increase in turnover was attributable to the encouraging performance of luxury good division that a profit of HK$213.7 million was resulted for the year ended 31 March 2012, as compared with a net profit of approximately HK$198.9 million for the last financial year.

At 31 March 2012, the Group maintained a net cash position with cash at banks and in hand of approximately HK$130.4 million (2011: HK$215.3 million), short-term bank borrowings of approximately HK$208.4 million (2011: HK$53.7 million) and long-term borrowings of approximately HK$56 million (2011: nil) . The Group had sufficient financial resources and will continue to finance its business development by internal resources and bank borrowings.

DIVIDEND

The Directors recommend the payment of a final dividend for the year ended 31 March 2012 of HK0.3 cent per share (2011: HK1 cent), which together with the interim dividend of HK0.5 cent per share (2011: HK0.3 cent per share) make a total dividend of HK0.8 cents per share for the year ended 31 March 2012 (2011: HK1.3 cent per share). The total dividend amounted to approximately HK$23.8 million (2011: HK$38.7 million) for the year ended 31 March 2012. The final dividend is subject to approval by the shareholders at the annual general meeting to be held on 20 August 2012 and payable on or around 10 October 2012 if it is approved.

OPERATIONAL REVIEW

Automobile Dealerships

During this financial year, 487 units of Bentley automobiles (2011: 291 units), 79 units of Lamborghini automobiles (2011: 72 units) and 271 units of Rolls-Royce automobiles (2011: 295 units) were sold. Total revenue of approximately HK$4,106.3 million was generated from sales of automobiles compared to HK$3,016.9 million in last year. The gross profit margin for automobiles was 7.8%, a decrease of around 0.4% on overall basis as a result of competitive pricing strategy in a fast growing market and increase in purchase cost from manufacturers.

Moreover, after-sale services generated services income of approximately HK$80.9 million compared to HK$54.0 million in last year.

Watch Distributorships

During the year, 150 pieces of Richard Mille (2011: 120 pieces), 102 pieces of DeWitt (2011: 150 pieces), 319 pieces of Parmigiani (2011: 37 pieces) and nil pieces of deLaCour (2011: 5 pieces) were sold.

Sales of watches generated revenue of approximately HK$188.0 million compared to HK$137.8 million in last year. Management believe that increase of 36.4% in sales revenue of watches was mainly attributed by the cross-selling strategy among different products and the opening of more watches shops in Beijing.

Jewellery Distributorships

During the year, 359 pieces of Boucheron jewelleries (2011: 197 pieces), 9 pieces of Royal Asscher jewelleries (2011: nil) and 10 pieces of Buccellati jewelleries (2011: 3 pieces) were sold. Sales of jewelleries generated revenue of approximately HK$35.9 million compared to HK$16.1 million in last year, representing a growth of 123%. Both Boucheron and Royal Asscher had opened their stores in Beijing Sparkle Roll Luxury World (Hua Mao).

Moreover, the Group cooperated with Royal Asscher in development of their sales network in Mainland China.

Fine Wines Distributorship

During the year, 75,476 bottles (2011: 22,813 bottles) of fine wines including 372 (2011: 7,468) bottles of top fine wine were sold.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 31 March 2012, the Group had 348 (2011: 291) employees. Staff costs (including directors' emoluments) charged to profit or loss amounted to approximately HK$45.2 million for the year (2011: HK$54.5 million). All permanent employees were under the remuneration policy of fixed monthly salary with discretionary bonus.

There has been no change to the terms of the share option scheme adopted by the Company on 7 October 2002. On 4 July 2011, the Company granted 5,216,000 share options to certain of its employees at an exercise price of HK$1.52 per share.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's total assets as at 31 March 2012 were approximately HK$1,922.9 million (2011: HK$1,703.9 million) which were mainly financed by the owners' equity and total liabilities of approximately HK$1,452.2 million (2011: HK$1,263.2 million) and HK$465.9 million (2011: HK$435.5 million) respectively.

The Directors consider the Group will have sufficient working capital for its existing operations and financial resources for financing future business expansion and capital expenditures.

The Group's bank balances and cash were mainly denominated in Hong Kong dollars ("HK$") and Renminbi ("RMB").

The Group enters into foreign currency forward contracts primarily for hedging its purchases that are mainly denominated in Euro. At 31 March 2012, the Group recognised foreign currency forward contracts with a fair value of HK$3.2 million assets (2011: nil) as derivative financial instruments.

CAPITAL STRUCTURE

During this financial year, 3,504,000 new ordinary shares of HK$0.002 each were issued in August 2011 pursuant to the exercise of share options by a director and an employee.

The Group's gearing ratio then computed as total borrowings over the owners' equity was approximately 18.1% as at 31 March 2012 (2011: 4.2%).

EXPOSURE TO FOREIGN EXCHANGE

The revenue of the Group is mainly denominated in HK$ and RMB while the purchases and production cost are mainly denominated in Euro, Swiss Franc, HK$ and RMB.

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

CHARGES ON ASSETS

As at 31 March 2012, bank deposits and inventories of the Group with an aggregate amount of approximately HK$39.1 million (2011: HK$42.3 million) and HK$49.4 million (2011: Nil) respectively were pledged to secure bank loans of the Group and general banking facilities granted to the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE

The Group is committed to maintaining a high standard of corporate governance. The Board agrees that corporate governance practices are increasingly important for maintaining and promoting investor confidence. Corporate governance requirements keep changing, therefore the Board reviews its corporate governance practices from time to time to ensure that all practices can be met with legal and statutory requirements. Throughout the financial year ended 31 March 2012, the Group has complied with all applicable the Code Provisions in the Code on Corporate Governance Practices ("the Code") contained in Appendix 14 of the Listing Rules. The Company has been in compliance with the Code throughout the financial year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 17 August 2012 (Friday) to 20 August 2012 (Monday) (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all share transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 16 August 2012 (Thursday).

The register of members of the Company will also be closed on 28 and 29 August 2012 (Tuesday and Wednesday), during which dates no transfer of shares in the Company will be registered, for the purpose of determining the entitlement of the shareholders to receive the proposed final dividend for the year ended 31 March 2012. Subject to approval of the shareholders at the 2012 Annual General Meeting, the proposed final dividend will be payable on or around 10 October 2012 to the shareholders whose names appear on the register of members of the Company on 29 August 2012. In order to qualify for the proposed final dividend, all share transfer documents, 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 not later than 4:30 p.m. on 27 August 2012 (Monday).

ANNUAL GENERAL MEETING

The 2012 Annual General Meeting of the Company will be held at 4:30 p.m. on 20 August 2012 at The Hong Kong Bankers Club, 43/F Gloucester Tower, The Landmark, Central, Hong Kong and a notice of annual general meeting will be published and dispatched in the due course.

REVIEW OF FINANCIAL STATEMENTS

The Group's consolidated financial statements for the year ended 31 March 2012 have been reviewed by the audit committee of the Company. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2012 have been agreed by the Company's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

Compliance with the Model Code for Securities Transaction by Directors of Listed Issuers

The Company has adopted of Model Code for Securities Transaction by Directors of Listed Company Issuers ("Model Code") 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 year.

The annual report for the year ended 31 March 2012 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the website of the Stock Exchange in due course.

By Order of the Board
Tong Kai Lap
Chairman

Hong Kong, 26 June 2012

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 Thomas Kang Bor.