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 2018

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 (together the "**Group**") for the six months ended 30 September 2018 together with the comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2018

	Notes	Six months ended 30 September 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Revenue	*5*	**1,759,937**	1,428,560
Cost of sales		**(1,515,496)**	(1,258,703)
Gross profit		**244,441**	169,857
Other income and net gains	*5*	**52,021**	33,842
Selling and distribution costs		**(195,950)**	(123,185)
Administrative expenses		**(73,768)**	(27,977)
Other expenses		**(5,720)**	(14,952)
Operating profit	*6*	**21,024**	37,585
Share of loss of an associate		**–**	(23,370)
Finance costs	*7*	**(13,008)**	(8,186)
Profit before income tax		**8,016**	6,029
Income tax expense	*8*	**(240)**	(675)
Profit for the period		**7,776**	5,354
Other comprehensive (loss)/income, net of tax			
Items that will not be reclassified to profit or loss:			
Financial assets at fair value through other comprehensive income			
– Net movement in fair value reserves (non-recycling)		**(108,585)**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(71,880)**	108,302
Share of other comprehensive loss of an associate		**–**	(6,594)
Other comprehensive (loss)/income for the period, net of tax		**(180,465)**	101,708
Total comprehensive (loss)/income for the period		**(172,689)**	107,062
Profit/(loss) for the period attributable to:			
Owners of the Company		**9,310**	4,969
Non-controlling interests		**(1,534)**	385
		7,776	5,354
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(171,022)**	106,547
Non-controlling interests		**(1,667)**	515
		(172,689)	107,062
Earnings per share attributable to owners of the Company during the period	*10*		
Basic and diluted earnings per share		**HK0.2 cent**	HK0.1 cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Notes	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*11*	**215,420**	92,527
Prepaid lease payments	*12*	**554,496**	–
Goodwill	*13*	**269,574**	206,171
Other intangible assets	*14*	**438,233**	393
Available-for-sale investment	*15*	–	1,291,321
Financial assets at fair value through other comprehensive income	*15*	**1,085,625**	–
Deposits paid for acquisition of a property holding company		–	135,802
Rental deposits paid to a related party	*16(a)*	**6,988**	15,812
		2,570,336	1,742,026
Current assets			
Prepaid lease payments	*12*	**16,349**	–
Inventories		**987,944**	1,061,407
Trade receivables	*17*	**20,430**	5,342
Deposits, prepayments and other receivables		**226,453**	269,995
Amounts due from related parties	*16(b)*	**6,767**	8,576
Investments in debt securities		–	440,000
Short-term investment		**7,386**	–
Loans receivables		–	127,376
Pledged deposits		**84,231**	91,357
Restricted bank balances		**21,671**	5,304
Cash at banks and in hand		**114,575**	155,650
		1,485,806	2,165,007
Current liabilities			
Trade payables	*18*	**31,165**	14,501
Receipts in advance, accrued charges and other payables		**358,801**	288,370
Amounts due to non-controlling interests	*16(b)*	**6,433**	4,538
Amounts due to related parties	*16(b)*	–	2,424
Provision for taxation		**4,096**	5,386
Borrowings	*19*	**601,171**	567,652
		1,001,666	882,871

	Notes	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Net current assets		**484,140**	1,282,136
Total assets less current liabilities		**3,054,476**	3,024,162
Non-current liabilities			
Other payables		**6**	304
Borrowings	*19*	**281,773**	–
Deferred tax liabilities		**664**	678
		282,443	982
NET ASSETS		**2,772,033**	3,023,180
EQUITY			
Share capital		**9,358**	9,882
Reserves		**2,747,312**	2,996,268
Equity attributable to owners of the Company		**2,756,670**	3,006,150
Non-controlling interests		**15,363**	17,030
TOTAL EQUITY		**2,772,033**	3,023,180

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

1. GENERAL INFORMATION

Sparkle Roll Group Limited (the "Company") is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is in Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Company and its subsidiaries (together the "Group") are the distributorships of luxury goods. The Group's operations are based mainly in Hong Kong, Mainland China and Malaysia.

2. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 30 November 2018.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains interim condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 annual financial statements. The interim condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report has not been audited nor reviewed by the external auditors of the Company but has been reviewed by the Company's audit committee.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9, Financial instruments

- HKFRS 15, Revenue from contracts with customers

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to HKFRS 9, Prepayment features with negative compensation which have been adopted at the same time as HKFRS 9.

The following explains the impact of the adoption of HKFRS 9 "Financial instruments" and HKFRS 15 "Revenue from contracts with customers" on the Group's condensed consolidated interim financial statements and also discloses the new accounting policies that have been applied from 1 April 2018, where they are different to those applied in prior periods.

(a) Impact on condensed consolidated interim financial statements

The Group elects to adopt HKFRS 9 and HKFRS 15 without restating comparatives. The classification and the adjustments arising from the adoption of HKFRS 9 and HKFRS 15 are therefore not reflected in the consolidated statement of financial position as at 31 March 2018, but are recognised in the opening of the condensed consolidated interim statement of financial position on 1 April 2018.

(b) HKFRS 9 "Financial instruments" – Impact on adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 "Financial instruments" from 1 April 2018 resulted in changes in accounting policies.

(i) Classification and measurement

On 1 April 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The Group elected to present changes in the fair value of all its previously classified as available-for-sale financial assets ("AFS") in other comprehensive income. As a result, AFS with aggregated fair value of HK$1,291,321,000 and AFS fair value reserve of HK$64,243,000 were reclassified to financial assets at fair value through other comprehensive income ("FVOCI") and FVOCI fair value reserve (non-recycling), respectively on 1 April 2018. Other classes of financial assets and financial liabilities had the same carrying amounts in accordance with HKAS 39 and HKFRS 9 on 1 April 2018, and there is no change in the measurement categories of each material class of financial assets and liabilities.

(ii) Impairment of financial assets

The Group's significant financial assets which are subject to the new expected credit loss model include cash at banks, pledged deposits, trade and other receivables. The Group was required to revise its impairment methodologies under HKFRS 9 for these classes of financial assets.

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables based on credit risk characteristics and the days past due. For other financial assets, expected credit losses are assessed according to change in credit quality since initial recognition. Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

The Group has assessed the expected credit loss model applied as at 1 April 2018 and the change in impairment methodologies has no significant impact to the Group's allowance for impairment as at 1 April 2018.

(c) HKFRS 15 "Revenue from contracts with customers" – Impact of adoption

The Group has adopted HKFRS 15 "Revenue from contracts with customers" from 1 April 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the condensed consolidated interim financial statements. As such, receipt in advance from customers which was previously included in receipts in advance, accrued charges and other payables, amounting to HK$197,469,000 as at 1 April 2018, are now recognised as contract liabilities (as included in receipts in advance, accrued charges and other payables) to reflect the terminology of HKFRS 15. Except for the above, the directors consider the adoption of HKFRS 15 does not have a material impact to the opening balance of equity as at 1 April 2018.

4. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with internal reporting provided to executive directors of the Company who are responsible for allocating resources and assessing performance of the operating segments.

In prior years, the executive directors have identified the reportable and operating segments by major product and service lines. During the year ended 31 March 2018, the Group reorganised its internal reporting structure by simplifying the segmental classification based on revenue contribution from its product and service lines so as to enhance operational efficiency, and the executive directors of the Company consider that segments having similar economic characteristics are aggregated for financial reporting purposes. Accordingly, the comparative segment information has been re-presented to conform to current year's presentation. The Group's reportable and operating segments for financial reporting purposes have been reorganised as follows:

The executive directors have identified the following reportable operating segments:

(i) Auto dealership – this segment includes distribution of branded automobiles, namely Bentley, Lamborghini and Rolls-Royce and provision of related after-sales services;

(ii) Non-auto dealership – this segment includes distribution of branded watches, namely Richard Mille, DeWitt, Parmigiani, DeLaCour and Buben & Zorweg, distribution of branded jewelleries, namely Boucheron and Royal Asscher, distribution of certain brands of fine wines, audio equipment, menswear apparels and accessories and cigars and smoker's accessories; and

(iii) Others – this segment includes provision of property management services and catering services.

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, if any, are priced with reference to prices charged to external parties for similar transaction.

Segment revenue and results

For the six months ended 30 September 2018

	Auto dealership	**Non-auto dealership (Re-presented)**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Revenue from external customers	**1,593,495**	**143,102**	**23,340**	**1,759,937**
Other income and net gains	**24,827**	**12,427**	**–**	**37,254**
Reportable segment revenue	**1,618,322**	**155,529**	**23,340**	**1,797,191**
Reportable segment results	**105,300**	**(25,244)**	**7,687**	**87,743**

For the six months ended 30 September 2017

	Auto dealership	Non-auto dealership (Re-presented)	Other	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from external customers	1,284,648	143,912	–	1,428,560
Other income and net gains	29,270	1,565	–	30,835
Reportable segment revenue	1,313,918	145,477	–	1,459,395
Reportable segment results	49,103	4,426	–	53,529

Segment assets and liabilities

As at 30 September 2018

	Auto dealership *HK$'000* (Unaudited)	Non-auto dealership (Re-presented) *HK$'000* (Unaudited)	Others *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Reportable segment assets	**1,064,241**	**605,258**	**537,370**	**2,206,869**
Investment in an equity investment at fair value through other comprehensive income				**1,085,625**
Deposits, prepayments and other receivables				**36,116**
Loans receivables				**2,612**
Corporate assets:				
– financial assets				**20,670**
– non-financial assets				**704,250**
Consolidated total assets				**4,056,142**
Reportable segment liabilities	**275,747**	**52,739**	**63,758**	**392,244**
Borrowings				**882,944**
Corporate liabilities:				
– financial liabilities				**2,150**
– non-financial liabilities				**6,771**
Consolidated total liabilities				**1,284,109**

As at 31 March 2018

	Auto dealership HK$'000 (Audited)	Non-auto dealership (Re-presented) HK$'000 (Audited)	Others HK$'000 (Audited)	Total HK$'000 (Audited)
Reportable segment assets	1,244,383	589,569	–	1,833,952
Available-for-sale investment				1,291,321
Investment in debt securities				440,000
Loans receivables				127,376
Deposits, prepayments and other receivables				198,011
Cash at banks and in hand				7,421
Corporate assets:				
– financial assets				4,172
– non-financial assets				4,780
Consolidated total assets				3,907,033
Reportable segment liabilities	263,667	42,587	–	306,254
Borrowings				567,652
Corporate liabilities:				
– financial liabilities				3,812
– non-financial liabilities				6,135
Consolidated total liabilities				883,853

A reconciliation between the total presented for the Group's operating segments and the Group's key financial figures as presented in these interim condensed consolidated financial statements is as follows:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Reportable segment results	**87,743**	53,529
Bank interest income	**920**	664
Interest income from investments, debt securities and loan receivables	**9,168**	–
Unallocated corporate income	**4,677**	2,343
Unallocated corporate expenses	**(81,484)**	(18,951)
Share of loss of an associate	**–**	(23,370)
Finance costs	**(13,008)**	(8,186)
Profit before income tax	**8,016**	6,029

Unallocated corporate income mainly comprised gain on disposals of property, plant and equipment, certain income from advertising, exhibitions and other services and administrative fee income. Unallocated corporate expenses mainly comprised certain employee benefit expenses (including directors' emoluments), certain operating lease expenses, auditors' remuneration and other centralised administrative costs of the Group's headquarter which are not directly attributable to the business activities of any operating segment.

5. REVENUE, OTHER INCOME AND NET GAINS

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Revenue from contracts with customers within the scope of HKFRS 15	**1,745,214**	1,428,560
Revenue from other sources	**14,723**	–
	1,759,937	1,428,560
Other income and net gains		
Bank interest income	**920**	664
Income from investments, debt securities and loan receivables	**9,168**	–
Bonuses from suppliers	**–**	981
Compensation income	**–**	1,628
Gain on disposals of property, plant and equipment	**2,058**	69
Income from advertising, exhibitions and other services	**8,396**	1,227
Income from insurance brokerage	**23,076**	24,106
Management fee income	**7,118**	931
Others	**1,285**	4,236
	52,021	33,842

6. OPERATING PROFIT

Operating profit is arrived at after charging/(crediting):

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Amortisation of other intangible asset#	**39**	39
Amortisation of prepaid lease payments	**1,383**	–
Cost of inventories recognised as expense	**1,507,043**	1,164,529
Provision for litigation and claims^	**–**	14,952
Direct costs attributable to disposal of debt securities^	**5,720**	–
Depreciation of property, plant and equipment*	**11,308**	10,878
Exchange differences, net	**5,870**	(766)
Gain on disposals of property, plant and equipment	**(2,058)**	(69)
Operating lease payments in respect of rented premises	**28,423**	42,114
Employee costs, including directors' emoluments	**20,651**	19,820
Defined retirement benefits scheme contributions for employees	**5,620**	4,775
Employee benefit expenses	**26,271**	24,595

Included in administrative expenses.

^ Included in other expenses.

* Depreciation of approximately HK$10,732,000 and HK$576,000 (six months ended 30 September 2017: HK$10,062,000 and HK$816,000) have been included in selling and distribution costs and administrative expenses, respectively.

7. FINANCE COSTS

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank loans and overdraft	**7,903**	6,194
Interest on other loans	**5,105**	1,992
	13,008	8,186

8. INCOME TAX EXPENSE

Hong Kong Profits Tax is provided at the rate of 16.5% (six months ended 30 September 2017: 16.5%) on estimated assessable profit derived in Hong Kong for the period.

The Group's subsidiaries in Mainland China are subject to income tax at the rate of 25% except that a subsidiary is entitled to tax exemption.

Income tax of certain subsidiaries of the Company in Malaysia is charged at 3% on the assessable profit for the period or a fixed amount of Malaysian Ringgit 20,000, whichever is lower.

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
– Hong Kong		
Charge for the period	**–**	–
– Other jurisdictions:		
Charge for the period	**197**	18
Under-provision in prior years	**43**	794
Total current tax	**240**	812
Deferred tax	**–**	(137)
Total income tax expense	**240**	675

9. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 September 2018 and 2017, nor has any dividend been proposed since the end of reporting period.

10. EARNINGS PER SHARE

(a) Basic

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of HK$9,310,000 (six months ended 30 September 2017: HK$4,969,000) and on the weighted average of 3,879,061,447 (six months ended 30 September 2017: 4,141,237,447) ordinary shares in issue during the period.

(b) Diluted

The diluted earnings per share for the six months ended 30 September 2018 and 2017 are the same as basic earnings per share as there were no dilutive potential ordinary shares in existence during the periods.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group acquired items of property, plant and equipment at a total cost of HK$139,577,000 (six months ended 30 September 2017: HK$6,810,000), including the acquisition of buildings of HK$130,657,000 through acquisition of a property holding company. Items of property, plant and equipment with a net carrying amount of HK$6,446,000 (six months ended 30 September 2017: HK$96,000) were disposed of during the six months ended 30 September 2018.

12. PREPAID LEASE PAYMENTS

	30 September 2018
	HK$'000
	(Unaudited)
Prepaid lease payments related to land use rights are analysed for reporting purposes as:	
Non-current assets	**554,496**
Current assets	**16,349**
	570,845

The Group's interests in land use rights represent prepaid operating lease payments and the movements in their net carrying amounts are analysed as follows:

	30 September 2018
	HK$'000
	(Unaudited)
Opening net carrying amount	**–**
Acquisition of a property holding company	**575,915**
Amortisation	**(1,383)**
Exchange alignments	**(3,687)**
Closing net carrying amount	**570,845**

The amount represents the prepayment of rentals for land use rights in the People's Republic of China ("**PRC**") under medium-term leases for 35 years.

13. GOODWILL

	30 September 2018 *HK$'000* (Unaudited)	31 March 2018 *HK$'000* (Audited)
Cost		
At the beginning of the period	**580,679**	580,679
Additional amount recognised from business combinations occurring during the period	**63,403**	–
At the end of the period	**644,082**	580,679
Accumulated impairment loss		
At the beginning and end of the period	**(374,508)**	(374,508)
Carrying amount at the end of period	**269,574**	206,171
The carrying amount of goodwill allocated to each of the cash-generating units is as follows:		
Auto dealership	**206,171**	206,171
Property management services	**61,116**	–
Catering services	**2,287**	–
	269,574	206,171

14. OTHER INTANGIBLE ASSETS

During the six months ended 30 September 2018, the Group acquired intangible assets of HK$437,879,000 in relation to the acquisition of subsidiaries under property management services segment.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/AVAILABLE-FOR-SALE INVESTMENT

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Financial assets at fair value through other comprehensive income	**1,085,625**	–
Available-for-sale investment	**–**	1,291,321
	1,085,625	1,291,321

Financial assets at fair value through other comprehensive income as at 30 September 2018 and available-for-sale investment as at 31 March 2018 both represent investment in Bang & Olufsen A/S ("B&O") which is a listed entity in Denmark. As at 30 September 2018, the Group held approximately 13.89% of the total shareholding in B&O (31 March 2018: 15.09%).

16. BALANCES WITH RELATED PARTIES/NON-CONTROLLING INTERESTS

(a) Rental deposits paid to a related party

The Group entered into several agreements with Mr. Qi Jian Hong ("Mr. Qi"), a controlling shareholder of the Company, for leasing of properties as office premises, warehouse and showrooms in Mainland China to the Group. The rental deposits paid to Mr. Qi of HK$6,988,000 (31 March 2018: HK$15,812,000) have been recognised as non-current assets as at 30 September 2018.

(b) Balances with related parties and non-controlling interests

	Notes	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Mr. Qi	*(i)*	**6,767**	6,847
北京恒宇大業投資有限公司 ("BJHYDY")	*(ii)*	**–**	1,111
北京鳳博通商經貿有限公司 ("BJFBTS")	*(ii)*	**–**	618
Total amounts due from related parties		**6,767**	8,576

(i) The amount due from Mr. Qi, resulting from prepaid rental expenses for leasing of properties as office premises, warehouse and showrooms in Mainland China to the Group is unsecured, interest-free and will be utilised through setting off future rental expenses payable to Mr. Qi within one year.

(ii) The amounts due from BJHYDY and BJFBTS (both companies controlled by Mr. Qi), are unsecured, interest-free and repayable on demand.

The amounts due to related parties and non-controlling interests are unsecured interest fee and repayable on demand.

17. TRADE RECEIVABLES

An ageing analysis of trade receivables as at the reporting dates, based on the invoice dates, is as follows:

	30 September 2018 *HK$'000* (Unaudited)	31 March 2018 *HK$'000* (Audited)
0-30 days	**10,643**	5,075
31-120 days	**9,407**	267
Over 120 days	**380**	–
	20,430	5,342

The Group's trading terms with its retail customers are mainly receipts in advance from customers or cash on delivery, except for certain transactions with creditworthy customers where the credit period is extendable up to three months, whereas the trading terms with wholesale customers are generally one to two months. In addition, the Group generally provides a credit term of two to three months to automobile manufacturers for the in-warranty after-sale services.

18. TRADE PAYABLES

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

	30 September 2018 *HK$'000* (Unaudited)	31 March 2018 *HK$'000* (Audited)
0-30 days	**22,029**	10,194
31-60 days	**3,190**	462
61-90 days	**86**	2,290
Over 90 days	**5,860**	1,555
	31,165	14,501

19. BORROWINGS

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current portion:		
Bank loans, secured and guaranteed	**177,021**	215,327
Bank loans, secured	**87,102**	137,416
Bank loans, guaranteed	**7,636**	9,565
Other loans, secured and guaranteed	**329,412**	205,344
	601,171	567,652
Non-current portion:		
Bank loans, secured and guaranteed	**281,773**	–
	882,944	567,652
Effective interest rates per annum in the range of:		
– fixed rate borrowings	**1% – 8.50%**	1% – 8.50%
– variable rate borrowings	**2.97% – 3.69%**	2.16% – 5.22%

As at the reporting date, all the current borrowings were repayable on demand or scheduled to be repaid on demand or within one year and none of the non-current bank loans is expected to be settled within one year.

As at 31 March 2018, the Group's land and building of HK$700,616,000 (31 March 2018: HK$nil), inventories of HK$430,442,000 (31 March 2018: HK$484,121,000) and bank deposits of HK$84,231,000 (31 March 2018: HK$91,357,000) were pledged to secure the loan facilities granted to the Group.

The borrowings were also subject to corporate guarantees executed by the Company and certain subsidiaries during the six months ended 30 September 2018 and the year ended 31 March 2018.

20. OPERATING LEASE COMMITMENTS

(a) Group as lessor

As at the reporting date, the total future minimum lease receivable under non-cancellable operating lease is as follows:

	30 September 2018 *HK$'000* (Unaudited)	31 March 2018 *HK$'000* (Audited)
Within one year	**86,097**	20
In the second to fifth years inclusive	**187,224**	–
After five years	**53,657**	–
	326,978	20

(b) Group as lessee

As at the reporting date, the total future minimum lease payments payable by the Group under non-cancellable operating leases, including operating lease commitment to a related party, are as follows:

	30 September 2018 *HK$'000* (Unaudited)	31 March 2018 *HK$'000* (Audited)
Within one year	**89,978**	85,343
In the second to fifth years inclusive	**245,501**	218,607
After five years	**183,478**	23,713
	518,957	327,663

The Group leases a number of office premises, warehouse, showrooms and staff quarters under operating leases. The leases run for an initial period of one to ten years (31 March 2018: one to eleven years). The actual payments in respect of certain operating leases are calculated at the higher of the minimum commitments as noted in the table above and the amounts determined based on certain percentage of sales of the related retail shops.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

China's second-quarter gross domestic product (GDP) growth in 2018 was 6.7%, slightly lower than 6.8% in the first quarter of 2018 as Beijing has been cracking down on risky credit amid escalating trade tensions with the US, according to data released by the National Bureau of Statistics in July 2018. However, the rate is still within Beijing's target of "around 6.5%" for the year. Such growth could fall even further if a trade war with the United States happens. Morgan Stanley forecasts that 25% US tariffs on US$50 billion worth of Chinese goods could knock 0.1 percentage point off growth, slowing the economy to its lowest level since the first quarter of 2009 when the country's exports were hit hard by the global financial crisis.

China's Luxury Goods Market

There are multiple ongoing updates and research reports published from reputable authorities, investment banks and global research houses on "Chinese Millennials Rule the Global Luxury Market". According to "Luxury Goods Worldwide Market Study for Spring 2018" issued by Bain & Company ("**Bain**") on 7 July 2018, the Chinese consumer and the millennial generation remain the keys to the growth of an industry that could reach €390 billion globally in sales by 2025. In terms of spending trends, Bain finds that China continues to drive the growth of the luxury market. While luxury spending across all regions is likely to be 6-8 percent (at constant exchange rate) higher than last year, reaching €276-281 billion. China is expected to account for the lion's share of the growth in 2018. Bain forecasts that the market will grow by 20 to 22 percent this year. Brands are learning how to cater to local consumers, often those who are young and heavily influenced by social media.

The Boston Consulting Group ("**BCG"**), a global management consulting firm and the world's leading advisor on business strategy and Altagamma, which gathers high-end Italian cultural and creative companies, presented the fifth edition of an annual study named "True-Luxury Global Consumer Insight" dated 20 February 2018 mentioning luxury brands should devote particular attention to millennials and Chinese consumers in the coming years. Millenials are the generation that will contribute the most to the market's growth (approximately 130%), and is set to account for 50% of the market in 2024. Chinese consumers is the main drive to grow (approximately 70%), and is set to account for 40% of the 2024 market. The overall luxury goods industry including products and services, is worth approximately €915 billion today and will reach about €1,260 billion in 2024.

BUSINESS REVIEW

Automobile Dealerships

During the financial period under review, Bentley and Rolls-Royce recorded positive sales results but Lamborghini experienced a drop in revenue. Rolls-Royce performed the best with the largest sales increment, amounting to approximately HK$757.7 million and representing approximately 38.3% increase in sales in the financial period under review from approximately HK$547.8 million during the corresponding financial period last year. A total of 95 units of Rolls-Royce were sold, representing a drop of approximately 2% as compared with 97 units sold in the corresponding financial period last year.

According to an article issued by the official website of Rolls-Royce titled "Rolls-Royce Motor Cars Announces Strong Half-year Sales And Investment Boost" on 12 July 2018, Rolls-Royce reported it has enjoyed a strong start in 2018, with the Marque seeing a significant boost to global sales. Worldwide sales for the first six months of 2018 were up 13 percent compared with the same period in 2017, with demand for all Rolls-Royce models holding firm in Europe, the US and other key regions. There are encouraging signs of recovery in the Chinese market; like all luxury brands, however, the Marque faces continued economic headwinds in the Middle East. Torsten Müller-Ötvös, CEO of Rolls-Royce, said, "This is a very encouraging half-year results; it is a testament to our incredibly skilled and dedicated team at Goodwood, and underlines the trust and loyalty of our customers worldwide."

Bentley recorded an increase in sales during the financial period under review with a total of approximately HK$712.8 million, representing an increase of approximately 19.5% as compared with that of approximately HK$596.2 million recorded in the corresponding financial period last year. At the same time, a total of 206 units of Bentley were sold, representing an increase of approximately 38.3% as compared with 149 units sold in the corresponding financial period last year.

Lamborghini recorded approximately 59% decrease in unit sales to 9 units sold during the financial period under review, as compared with 22 units sold in the corresponding financial period last year. The brand recorded a drop in sales during the financial period under review with a total of approximately HK$62.3 million, representing a decrease of approximately 34.3% as compared with that of approximately HK$94.8 million recorded in the corresponding financial period last year.

Gross profit margins of Rolls-Royce and Lamborghini improved while that of Bentley declined, and the Group continued enjoying bonus from the brands.

Revenue from after-sales services during the financial period under review has increased. It reached approximately HK$60.7 million, amounting to an increase of approximately 32.5% as compared with the revenue recorded in the corresponding financial period last year. Regarding the gross profit margin, we saw an increase from approximately 40.8% in the corresponding financial period last year to approximately 44.7% in the financial period under review.

Non-auto Dealerships

During the financial period under review, the sales performance of our non-auto division recorded a decline of approximately 0.6% to approximately HK$143.1 million, as compared with approximately HK$143.9 million in the corresponding financial period last year.

Gross profit margin of non-auto division slightly decreased from 33.2% in the previous financial period to 32.9% in the financial period under review.

During the financial period under review, the sales performance of our super deluxe branded watch division recorded a decline. The revenue decreased by approximate 94.6% to approximately HK$2.7 million, as compared with approximately HK$49.7 million in the previous financial period. Sales of top-tier branded jewellery division decreased in terms of quantity and sales amount, recording sales revenue of approximately HK$1.4 million as compared with approximately HK$4.7 million in the previous financial period. The decreases were due to the keen competition and the weakening market.

Among all brands under this division including watch, jewellery, fine wine, audio equipment, menswear apparel and accessories and cigars and smoker's accessories, B&O PLAY performed the best in terms of revenue contribution.

Others

During the financial period under review, our others division, which includes the new businesses of provision of property management services and catering services, recorded revenue of approximately HK$23.3 million.

Investments

In order to make use of the idle cash of the Group and enhance the capital return, the Group had allocated certain resources on various types of investments. The total amount employed represented approximately 26.9% of the total assets of the Group as at 30 September 2018 (31 March 2018: 47.6%).

The status of the Group's investment portfolios was set out as below:

	Balance at book value As at 30 September 2018 Approximately *(HK$)*	Balance at book value As at 31 March 2018 Approximately *(HK$)*
Bang & Olufsen A/S ("B&O") shares	**1,086 million**	1,291 million
Senior notes	–	440 million
P2P financing portfolios	–	86 million
Other loan receivables	–	41 million
Other wealth management products	**7 million**	–
Total	**1,093 million**	1,858 million

As at 30 September 2018, the Group owned approximately 13.89% of the total shareholding in B&O. The Group sold 519,358 shares in B&O and hence realized approximately HK$96.7 million during May to August 2018.

During the financial period under review, the Group disposed of the 6% senior note in the principal amount of HK$440,000,000 due on 3 June 2018 issued by Shanghai Huaxin Group (Hong Kong) Limited to the Group to a third party in two tranches, at a total consideration of HK$446,160,000. The transactions were completed during the financial period under review.

The P2P financing portfolios and the other loan receivables were fully settled during the financial period under review.

The other wealth management products represented subscription of money market funds. The source of such investments came from surplus cash from property management business which had adopted this investment strategy before its acquisition by the Group.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the six months ended 30 September 2018 was approximately HK$1,759.9 million, representing an increase of approximately 23.2% as compared with that of approximately HK$1,428.6 million recorded in the corresponding financial period last year. Such increase was mainly due to the increase in sales of automobiles, provision of after-sales services and audio products. The table below sets out the Group's revenue for the period indicated:

	Six months ended 30 September					
	2018		2017			
	Contribution		Contribution		**Changes**	
Revenue Source	***HK$'000***	***(%)***	*HK$'000*	*(%)*	*HK$'000*	*%*
Automobile segment						
Sales of automobiles	1,532,778	87.1%	1,238,822	86.7%	293,956	23.7%
Provision of after-sales services	60,717	3.4%	45,826	3.2%	14,891	32.5%
Sub-total	1,593,495	90.5%	1,284,648	89.9%	308,847	24.0%
Non-automobile dealership segment	143,102	8.2%	143,912	10.1%	(810)	-0.6%
Others	23,340	1.3%	–	–	–	–
Total	**1,759,937**	**100%**	**1,428,560**	**100%**	**331,377**	**23.2%**

Gross Profit and Gross Profit Margin

The gross profit of the Group for the six months ended 30 September 2018 increased by approximately 43.8% to approximately HK$244.4 million (30 September 2017: HK$169.9 million) while the gross profit margin of the Group for the six months ended 30 September 2018 increased from 11.9% to 13.9%.

Such increase in the gross profit was mainly due to the increase in gross profit from sales of automobiles and increase in incentive bonuses offered by automobile suppliers in this financial period under review which were deducted from the cost of sales. The gross profit of the sales of automobiles increased from approximately HK$103.3 million for the six months ended 30 September 2017 to approximately HK$153.1 million for the six months ended 30 September 2018.

The gross profit of the provision of after-sales services for the six months ended 30 September 2018 increased by approximately 44.9% to approximately HK$27.1 million (30 September 2017: HK$18.7 million).

Other Income and Net Gains

Other income and net gains increased from approximately HK$33.8 million for the six months ended 30 September 2017 to approximately HK$52.0 million for the six months ended 30 September 2018. Such increase was mainly due to increase in investment income and other service income.

Selling and distribution costs

The selling and distribution costs increased by approximately 59% which were mainly due to the increase in marketing expenses and the additional consumption levy but such increment was covered partially by the decrease in rental expenses of the Group.

Administrative expenses

The administrative expenses increased by approximately HK$46 million. The changes were mainly due to the expenses in relation to the acquisitions and investment in debt securities and exchange losses but such increment was covered partially by the decrease in rental expenses of the Group.

Other Expenses

The other expenses represented the loss on disposal of investment in debt securities which arose from the direct attributable expenses of approximately HK$5.7 million in relation to the disposal of the debt securities.

The Group recorded other expenses of approximately HK$15.0 million for the six months ended 30 September 2017, mainly arising from the provision made for the possible liquidated damages for the litigations. No such provision was recognised for the six months ended 30 September 2018.

Finance Costs

The finance costs of the Group increased by approximately 58.5% from approximately HK$8.2 million for the six months ended 30 September 2017 to approximately HK$13.0 million for the six months ended 30 September 2018.

MAJOR AND CONNECTED TRANSACTION

Completion of acquisition of a property holding company

Reference is made to the Company's announcements dated 6 March 2018, 3 September 2018 and the circular dated 24 April 2018. On 31 August 2018, the acquisition of Beijing Wenfu Hengye Technology Development Co., Ltd ("**Wenfu**") was completed.

SIGNIFICANT ACQUISITIONS

On 25 June 2018, Sparkle Roll Fine Wine Limited, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Mr. Wang Qiang and Reliable Intelligence International Limited, which is principally engaged in the business of property management and provision of tenancy and sub-tenancy services in the PRC. The directors of the Company (the "**Directors**") were of the view that such acquisition can expand the scope of business of the Group and shall bring in a source of stable income and profits of the Group in the long run. Pursuant to the sale and purchase agreement, the consideration was paid at RMB428,000,000 and the acquisition was completed during the financial period under review.

OUTLOOK

Luxury automakers are expected to be the significant drivers of sales gains in China in 2018. The Chinese luxury car market is expected to witness a CAGR of around 11.3% by the year 2023. Despite the government's austerity drive, sales of super-luxury and supercar sales have not slowed down in China. One of our automobile brands, Lamborghini, has already launched and delivered its SUV, Urus, in the second half of the year, which will be contributing considerable revenue to our automobile segment.

Looking ahead, notwithstanding the challenging environment of the luxury goods markets in China, the Group will remain cautiously optimistic and committed to continue our leading roles as a luxury goods manager. The Group will make use of its resources to develop new businesses, including the rapidly growing film industry in the PRC as referred to in the announcement of the Company dated 29 October 2018 relating to a conditional acquisition of a company together with the right of investments in certain monies, such acquisition has not been completed as the date hereof.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's total assets as at 30 September 2018 were approximately HK$4,056.1 million (31 March 2018: HK$3,907.0 million) which were supported by the total equity and total liabilities of approximately HK$2,772 million (31 March 2018: HK$3,023.2 million) and HK$1,284.1 million (31 March 2018: HK$883.9 million) respectively.

Cash Flow

The Group's bank balances and cash in hand as at 30 September 2018 were approximately HK$114.6 million (31 March 2018: HK$155.7 million) which were mainly denominated in Hong Kong dollars ("**HK$**") and Renminbi ("**RMB**").

The Group's primary uses of cash are to repay the Group's borrowings, to pay for purchases of inventories and to fund the Group's working capital and normal operating costs. Such decrease was mainly attributable to loans receivables including the investment of subscribing financial products during the financial period under review.

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

Borrowings

The Group's borrowings as at 30 September 2018 were approximately HK$882.9 million, representing an increase of approximately 55.5% from approximately HK$567.7 million as at 31 March 2018. The Group's borrowings were mainly denominated in RMB. The increase was mainly due to a new borrowing used for acquisition of Wenfu.

Gearing Ratio

The Group's gearing ratio computed as total borrowings over the total equity increased to approximately 31.9% as at 30 September 2018 (31 March 2018: 18.8%).

Inventories

As at 30 September 2018, the Group's inventories decreased by approximately 6.9% from approximately HK$1,061.4 million as at 31 March 2018 to approximately HK$987.9 million. Such decrease was primarily due to the decrease in automobile inventories which comprised approximately 54.7% of the inventories of the Group.

The Group's average inventory turnover days decreased from 138 days for the six months ended 30 September 2017 to 124 days for the six months ended 30 September 2018.

Exposure to Foreign Exchange Risks

The revenue and expenses of the Group are mainly denominated in RMB and HK$ while the production cost and purchases are mainly denominated in RMB, HK$, Euro ("**EUR**"), Swiss Franc ("**CHF**") and United States Dollar ("**USD**").

The Group did not enter into any foreign currency forward contract for the financial period under review. As at 30 September 2018, the Group did not have any unrealised gain or loss in respect of the foreign currency forward contracts (30 September 2017: nil).

Contingent Liabilities and Capital Commitment

The Group did not have any significant capital commitment as at 30 September 2018 (31 March 2018: nil) in respect of acquisition of property, plant and equipment. The Board considered that other than the possible obligations arising from the litigations as mentioned in the section headed "Litigations Updates" below, the Group had no material contingent liabilities as at 30 September 2018.

Charges on Assets

As at 30 September 2018, land and building, pledged deposits and inventories of the Group with aggregate carrying amounts of approximately HK$700.6 million (31 March 2018: nil), HK$84.2 million (31 March 2018: HK$91.4 million) and HK$430.4 million (31 March 2018: HK$484.1 million) respectively were pledged to secure general banking facilities granted to the Group. In addition, inventories of approximately HK$5.2 million (31 March 2018: 17.0 million) and bank balances of approximately HK$21.7 million (31 March 2018: 5.3 million) are subject to certain freeze orders by a court in China.

Human Resources

As at 30 September 2018, the Group had 523 employees (31 March 2018: 474). Staff costs (including directors' emoluments) charged to profit or loss amounted to approximately HK$26.3 million for the six months ended 30 September 2018 (30 September 2017: HK$24.6 million).

The Group provided benefits, which included basic salary, commission, discretionary bonus, medical insurance and retirement funds, to employees to sustain the competitiveness of the Group. The package was reviewed on an annual basis based on the Group's performance and employees' performance appraisal. The Group also provided training to the employees for their future advancement.

LITIGATION UPDATES

Reference was made to the Company's announcement dated 10 July 2018 in relation to certain updates on the litigation involved by the Group in the PRC (the "**Announcement**"). On 4 July 2018, the Second Intermediate People's Court of Tianjin City (天津市第二中級人民法院) handed down the Appeal Judgment (as defined in the Announcement) in respect of the Third Litigation (as defined in the Announcement), which ruled in favour of the plaintiffs, and held that, among others, (1) the sales and purchase contract is rescinded; (2) the plaintiff shall return the purchased good to TJXC (as defined in the Announcement) within 5 days after the judgment becomes effective; (3) TJXC shall pay to the plaintiff a sum of RMB8,520,000 as liquidated damages within 5 days after the judgment becomes effective; (4) TJXC shall return the purchase price in the sum of RMB2,300,000 to the plaintiff within 5 days after the Appeal Judgment becomes effective; and (5) the plaintiff's other claims made in the first trial be dismissed.

As advised by the Group's PRC legal advisers, the Appeal Judgment is final and binding on the parties. Having taken into account that the amount of damages payable under the Appeal Judgment does not exceed the provision previously made for the possible liquidated damages for the First and the Third Litigations, the Board is of the view that the Appeal Judgment will not have any material adverse impact on the Group's ordinary operations and financial position.

The Group will make further announcement(s) to inform its shareholders and potential investors of development of the remaining case as and when appropriate.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in distributorships of luxury goods. The operations are mainly based in Hong Kong, China and Malaysia.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: nil) as the Group would like to reserve more capital to capture opportunities and meet the challenges ahead.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company repurchased a total of 262,176,000 Shares on the Stock Exchange at an aggregate consideration of HK$78,457,713.37 from July 2018 to September 2018. As at 30 September 2018, all the repurchased shares have been cancelled except for the shares repurchased on 13 September 2018.

Date of repurchased	**Highest price**	**Lowest price**	**Average price**	**Number of shares repurchased**	**Total paid**
	HK$	*HK$*	*HK$*		*HK$*
9 July 2018	0.32	0.285	0.297373	18,712,000	5,564,443.58
16 July 2018	0.32	0.295	0.311880	3,000,000	935,640.00
23 July 2018	0.3	0.29	0.299030	22,200,000	6,638,466.00
24 July 2018	0.3	0.29	0.296356	1,800,000	533,440.80
25 July 2018	0.3	0.29	0.297732	30,400,000	9,051,052.80
27 July 2018	0.3	0.295	0.299038	26,000,000	7,774,988.00
31 July 2018	0.3	0.29	0.297300	22,000,000	6,540,600.00
2 August 2018	0.3	0.295	0.298740	26,000,000	7,767,240.00
3 August 2018	0.295	0.295	0.295000	6,000,000	1,770,000.00
6 August 2018	0.28	0.28	0.280000	2,400,000	672,000.00
7 August 2018	0.3	0.28	0.289080	8,000,000	2,312,640.00
8 August 2018	0.3	0.3	0.300000	11,000,000	3,300,000.00
10 August 2018	0.3	0.295	0.299960	10,000,000	2,999,600.00
14 August 2018	0.3	0.29	0.298329	8,400,000	2,505,963.60
27 August 2018	0.3	0.285	0.294460	4,520,000	1,330,959.20
28 August 2018	0.3	0.3	0.300000	1,720,000	516,000.00
29 August 2018	0.3	0.295	0.298524	7,048,000	2,103,997.15
30 August 2018	0.3	0.3	0.300000	39,976,000	11,992,800.00
31 August 2018	0.3	0.3	0.300000	200,000	60,000.00
4 September 2018	0.33	0.3	0.306129	5,600,000	1,714,322.40
11 September 2018	0.33	0.325	0.329396	4,040,000	1,330,759.84
12 September 2018	0.33	0.33	0.330000	160,000	52,800.00
13 September 2018	0.33	0.33	0.330000	3,000,000*	990,000.00
Total				**262,176,000**	**78,457,713.37**

* Repurchased but not yet cancelled as at 30 September 2018.

Save as disclosed above, neither the Company nor any of its subsidaries purchased, sold or redeemed any Shares during the financial period under review.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") to govern securities transactions by the Directors. After having made specific enquiry of all Directors, all Directors confirmed that they have complied with the Model Code throughout the six months ended 30 September 2018.

The Company also adopted the Model Code as guidelines for its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in securities of the Company. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

CORPORATE GOVERNANCE PRACTICES

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 six months ended 30 September 2018, the Group has adopted the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Listing Rules.

The Company has been in compliance with the CG Code throughout the six months ended 30 September 2018 except for the deviation from provision A.2.1 of the CG Code since 1 January 2018.

According to provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zheng Hao Jiang is the Chairman and the Chief Executive Officer of the Company with effect from 1 January 2018, responsible for overall strategic development, project management and client management of the Group. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leading within the Group and will enable the Company to make and implement decisions promptly and effectively; and considers that such arrangement will not impair the balance of power and authority between the Board and the management and that the Company has sufficient internal controls to provide checks and balances on the functions of the chairman and the chief executive officer. Nevertheless, the Board will review such arrangement from time to time in light of the prevailing circumstances.

Audit Committee

The Audit Committee comprises three independent non-executive directors, namely Mr. Choy Sze Chung, Jojo (Chairman of the Audit Committee), Mr. Lam Kwok Cheong and Mr. Lee Thomas Kang Bor with written terms of reference in line with the code provisions set out in the CG Code. The Audit Committee has reviewed and approved the interim condensed consolidated financial statements for the six months ended 30 September 2018.

Publication of Interim Results Announcement and Interim Report

The interim results announcement is available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.hk970.com. The interim report of the Company will be despatched to the shareholders of the Company and make available on the above websites in due course.

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

Hong Kong, 30 November 2018

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