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

(Incorporated in Bermuda with limited liability)

(Stock Code: 970)

**DISCLOSEABLE TRANSACTION IN RELATION TO
THE ACQUISITION OF 26.1% EQUITY INTEREST
IN A NON-WHOLLY OWNED SUBSIDIARY**

THE ACQUISITION

On 10 January 2023 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Group, and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Interest, representing approximately 26.1% of the entire equity interest in the Target Company, at a consideration of RMB81.56 million, which was determined with reference to (a) the net asset value of the Target Company as at 31 December 2021 and 2022, respectively; (b) valuation of the market value of the Properties, which was approximately RMB300.1 million as at 31 December 2022 appraised by an independent property valuer; and (c) the benefits that would be brought to the Group by the Acquisition.

The Target Company is a company established in the PRC with limited liability. It is an investment holding company. The principal assets of the Target Company are the Properties located at International Wonderland, 40 Xing Fu Er Cun, Chaoyang District, Beijing, the PRC.

Upon Completion, the equity interest in the Target Company held by the Purchaser will increase from 70.4% to 96.5%. The financial results of the Target Company will continue to be consolidated as a non-wholly owned subsidiary in the accounts of the Group.

LISTING RULES IMPLICATIONS

Before Completion, the Vendor held 29.6% equity interest in the Target Company and was a substantial shareholder of the Target Company. The ultimate beneficial owner of the Vendor is 徐濤 (Xu Tao*) who personally holds approximately 90.07% of its entire equity interest. As the Target Company is an “insignificant subsidiary” of the Company pursuant to Rule 14A.09 of the Listing Rules, neither the Vendor nor 徐濤 (Xu Tao*) is a connected person of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Acquisition is more than 5% but below 25%, the Acquisition under the Equity Transfer Agreement constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirements but exempt from the Shareholders’ approval requirement pursuant to Chapter 14 of the Listing Rules.

THE ACQUISITION

The Board is pleased to announce that on 10 January 2023 (after trading hours), the Purchaser and the Vendor entered into the Equity Transfer Agreement.

The principal terms of the Equity Transfer Agreement are summarised as follows:

Date

10 January 2023

Parties

1. 必歐在線文化科技有限公司 (BO Online Culture Technology Limited*), being the Purchaser and a wholly-owned subsidiary of the Group; and
2. 北京光中裝飾工程有限公司 (Beijing Guangzhong Decoration Engineering Co., Ltd.*), being the Vendor.

Before Completion, the Vendor held 29.6% equity interest in the Target Company and was a substantial shareholder of the Target Company. The ultimate beneficial owner of the Vendor is 徐濤 (Xu Tao*) who personally holds approximately 90.07% of its entire equity interest. As the Target Company is an “insignificant subsidiary” of the Company pursuant to Rule 14A.09 of the Listing Rules, neither the Vendor nor 徐濤 (Xu Tao*) is a connected person of the Company under Chapter 14A of the Listing Rules. To the best of the Directors’ knowledge, information and belief, after having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties.

Subject matter

Pursuant to the Equity Transfer Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to acquire the Sale Interest.

Upon Completion, the equity interest in the Target Company held by the Purchaser will increase from 70.4% to 96.5%. The financial results of the Target Company will continue to be consolidated as a non-wholly owned subsidiary in the accounts of the Group.

Consideration

The Consideration shall be RMB81.56 million. It was determined after arm’s length negotiations between the Purchaser and the Vendor having taken into account of, among other things, (a) the net asset value as at 31 December 2021 and 2022 respectively; (b) valuation of the market value of the Properties, which was approximately RMB300.1 million as at 31 December 2022 appraised by an independent property valuer; and (c) the benefits that would be brought to the Group by the Acquisition as explained in more details in the section headed “Reasons for and benefits of the Acquisition” in this announcement. In view of the above, the Directors consider that the Acquisition is fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

Pursuant to the Equity Transfer Agreement, the Consideration shall be paid and satisfied by the Purchaser by instalments in the following manner:

- (1) the first instalment of RMB24.468 million, being 30% of the Consideration, shall be paid within 3 days after the date of signing of the Equity Transfer Agreement; and
- (2) the remaining balance of RMB57.092 million shall be paid by instalments or an once-off payment at the option of the Purchaser on or before 30 June 2023 which can be extended for 3 months after giving notice to the Vendor by the Purchaser.

The Consideration is expected to be funded by the internal resources of the Group and bank borrowings.

Rights and obligations of the Vendor after the Completion

After the Completion, the Vendor is entitled to continue to use as its own office of approximately 200 square metres at Basement Level 1 of the Properties. Apart from that, the Vendor will not participate in the daily operations of the Target Company and will not be entitled to any dividend that may be declared by the Target Company after the Completion. The Vendor also irrevocably and unconditionally undertakes with the Purchaser that after the Completion, it will actively cooperate with the Purchaser and support the business developments of the Target Company in its capacity as a shareholder of the Target Company.

Pre-emptive right

Under the Equity Transfer Agreement, the Purchaser shall be entitled to the pre-emptive right of the transfer of the remaining 3.5% of the equity interest in the Target Company held by the Vendor.

INFORMATION OF THE PARTIES

The Purchaser

The Purchaser is a company established under the laws of the PRC with limited liability and is a wholly-owned subsidiary of the Group. Its principal business activities are provisions of exhibition and consultancy services in the PRC.

The Vendor

The Vendor is a company established under the laws of the PRC with limited liability. Its principal business includes professional contracting, engineering cost consulting, project management, undertaking exhibitions and organising cultural and artistic exchanges.

The Target Company

The Target Company is a company established under the laws of the PRC with limited liability. It is an investment holding company. The principal assets of the Target Company are the Properties located at 中國北京市朝陽區幸福二村40號樓首開幸福廣場B座-1, 1, 2, 3及7層 (Basement Level 1, Levels 1, 2, 3 and 7 of Tower B, International Wonderland, 40 Xing Fu Er Cun, Chaoyang District, Beijing, the PRC*). Apart from the Properties, the Target Company has no material assets and business operation as at the date of this announcement.

Set out below are the financial information of the Target Company for the two financial years ended 31 December 2021 and 31 December 2022, respectively:

	For the year ended 31 December 2021 (Unaudited) (RMB)	For the year ended 31 December 2022 (Audited) (RMB)
Net profit before taxation	792,249.02	144,301.01
Net profit after taxation	772,042.79	138,679.59
	As of 31 December 2021 (Unaudited)	As of 31 December 2022 (Audited)
Total assets	220,098,919.25	220,633,803.47
Total liabilities	21.89	396,226.52
Net assets	<u>220,098,897.36</u>	<u>220,237,576.95</u>

The above financial information of the Target Company is extracted from the financial statements of the Target Company which were prepared in accordance with China Accounting Standards for Business Enterprises.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. Its subsidiaries are principally engaged in dealerships of luxury goods and automobiles, provision of after-sales services, property management services, property rental services, film related business including development and investment in films and television program and money lending business. The Group's operations are mainly based in Hong Kong and the PRC.

On 20 December 2022, the Purchaser received a notice from the Vendor that it intended to dispose of the Sale Interest, over which the Purchaser has pre-emptive right. Having considered the benefits that after the Acquisition, the Purchaser will obtain full control over the Target Company and the Properties (except the office space of approximately 200 square metres used by the Vendor) which have been partly used by the Group as showrooms of automobiles and offices and partly leased to third parties with the rental income that can be booked to the Group after the Completion, the Purchaser exercised the pre-emptive right to acquire the Sale Interest.

The Board considers the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Acquisition is more than 5% but below 25%, the Acquisition under the Equity Transfer Agreement constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirements but exempt from the Shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of the Sale Interest by the Purchaser from the Vendor in accordance with the terms of the Equity Transfer Agreement;
“Board”	the board of Directors;
“Company”	New Sparkle Roll International Group Limited 新耀萊國際集團有限公司, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 970);
“Completion”	completion of the transactions contemplated under the Equity Transfer Agreement;
“Completion Date”	on or before 20 January 2023, or such other date as the Vendor and the Purchaser may agree in writing;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	RMB81.56 million, being the total consideration for the Acquisition;
“Director(s)”	the director(s) of the Company;
“Equity Transfer Agreement”	the Equity Transfer Agreement dated 10 January 2023 entered into by the Vendor and the Purchaser in relation to the Acquisition;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, independent of and not connected with the Company and the connected person(s) of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Properties”	the properties situated at 中國北京市朝陽區幸福二村40號樓首開幸福廣場B座-1, 1, 2, 3及7層 (Basement Level 1, Levels 1, 2, 3 and 7 of Tower B, International Wonderland, 40 Xing Fu Er Cun, Chaoyang District, Beijing, the PRC*) with gross floor area of 5,964.78 square metres, the title of which are owned by the Target Company as at the date of this announcement;
“Purchaser”	必歐在線文化科技有限公司(BO Online Culture Technology Limited*), formerly known as Beijing Sparkle Roll Goldence Saga International Exhibition Limited (北京耀萊盛世傳奇國際會展有限公司*), a company established under the laws of the PRC on 7 September 2009 and is a wholly-owned subsidiary of the Group;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Interest”	the registered and paid up capital in amount of RMB57.42 million of the Target Company, which is legally and beneficially owned by Vendor, representing approximately 26.1% of the entire equity interest in the Target Company;
“Share(s)”	the ordinary share(s) in the issued share capital of the Company;

“Shareholder(s)”	holder(s) of the Share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“Target Company”	北京文福新天地置業有限公司(Beijing Wenfu Xintiandi Real Estate Co., Ltd.*) (formerly known as 天津文福新天地置業有限公司(Tianjin Wenfu Xintiandi Real Estate Co., Ltd.*), a company established under the laws of PRC on 12 October 2017;
“Vendor”	北京光中裝飾工程有限公司(Beijing Guangzhong Decoration Engineering Co., Ltd.*) (formerly known as北京光中裝飾工程中心 (Beijing Guangzhong Decoration Engineering Center*), a shareholder of the Target Company holding 29.6% of the entire equity interest in the Target Company before the Acquisition, a company established under the laws of the PRC on 17 August 1994 and an Independent Third Party; and
“%”	per cent.

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

Hong Kong, 10 January 2023

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

* For identification purposes only