Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Sparkle Roll Group Limited

耀萊集團有限公司 *

(*Incorporated in Bermuda with limited liability*)

(**Stock Code: 970**)

CONNECTED TRANSACTION IN RESPECT OF FORMATION OF THE JV COMPANY AND POSSIBLE NOTIFIABLE AND CONNECTED TRANSACTION REGARDING THE BID ON THE INTEREST

The Board is pleased to announce that on 12 January 2009 after trading hours on the Stock Exchange, the Consortium, of which the JV Company forms part, has submitted the Proposal in relation to a bid for the Interest which is under open tender by the provisional liquidator. Should the Consortium's bid for the Interest become successful, it will enter into further agreement(s) in relation to the acquisition of the Interest. In the event that the transactions contemplated under the Proposal materialize, it is envisaged that the Group would be required to (i) enter into further agreement(s) in respect of the JV Company and (ii) inject further capital into and provide shareholder's loan to the JV Company.

In addition, SR Watch & Jewelry and SR Holdings have on 12 January 2009 entered into the Heads of Agreement in respect of the JV Company. The JV Company is currently owned as to 10% by SR Watch & Jewelry and 90% by SR Holdings. As at the date of this announcement, the issued share capital of the JV Company is US$100 (equivalent to approximately HK$780). In addition, SR Watch & Jewelry and SR Holdings have contributed approximately HK$2,785,000 and HK$24,715,000 respectively in the form of paid up capital and shareholders' loan of the JV Company. As stated in the Heads of Agreement, if the transactions contemplated under the Proposal materialize and further capital injection into the JV Company indeed takes place, such further funding shall be contributed by the parties in the ratio of 90% and 10% for SR Holdings and SR Watch & Jewelry respectively provided that the aggregate amount to be contributed by SR Watch & Jewelry shall not exceed HK$10,000,000 unless all requisite approvals (including approval by the independent Shareholders) or waivers under the Listing Rules have been obtained by the Company. Other than the amounts already agreed and contributed into the JV Company, the Directors confirm that there is no contractual commitment regarding further capital injection into the JV Company or other financial commitment to the JV Company. As at the date of this announcement, the JV Company has an unaudited net asset value of approximately HK$27,500,000.

The purpose of the JV Company is, together with 3 other Independent Third Parties, jointly

form the Consortium for the purpose of submitting the Proposal. In the event that the Proposal is not accepted, the JV Company will be dissolved with the remaining assets in the JV Company (after deducting expenses) returned to SR Watch & Jewelry and SR Holdings according to the proportion of their contribution.

As SR Holdings is a substantial Shareholder interested in 535,000,000 Shares, representing approximately 29.95% of the Company's issued share capital, it is a connected person of the Company and the entering into of the Heads of Agreement constitutes a connected transaction under Rule 14A.13(6) of the Listing Rules. As each of the percentage ratios (other than profits ratio) is less than 2.5%, the transaction contemplated under the Heads of Agreement is, pursuant to Rule 14A.32(1) of the Listing Rules, a connected transaction only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules As for the potential further capital injection into the JV Company as mentioned in the section headed "The Proposal" below, any such capital injection into the JV Company by the Group in the event that the transactions contemplated under the Proposal indeed materialize may constitute a notifiable and connected transaction of the Company pursuant to the Listing Rules which may be subject to the reporting and Shareholders' approval requirements under the Listing Rules. Further announcement(s) will be made by the Company as and when appropriate.

As the bidding process is not completed, the transactions contemplated under the Proposal may or may not materialize. Accordingly, the Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PROPOSAL

The Board is pleased to announce that on 12 January 2009 after trading hours on the Stock Exchange, the Consortium, which the JV Company forms part, has submitted the Proposal in relation to a bid for the Interest which is under open tender by the provisional liquidator. Should the Consortium's bid for the Interest become successful, it will enter into further agreement(s) in relation to the acquisition of the Interest. In the event that the transactions contemplated under the Proposal materialize, it is envisaged that the Group would be required to (i) enter into further agreement(s) in respect of the JV Company and (ii) inject further capital into and provide shareholder's loan to the JV Company.

THE HEADS OF AGREEMENT

Date

12 January 2009

Parties

SR Watch & Jewelry, a wholly owned-subsidiary of the Company; and

SR Holdings, a substantial Shareholder interested in 535,000,000 Shares, representing approximately 29.95% of the Company's issued share capital as of the date of this announcement.

Terms

The JV Company is currently owned as to 10% by SR Watch & Jewelry and 90% by SR Holdings. As at the date of this announcement, the issued share capital of the JV Company is US$100 (equivalent to approximately HK$780). In addition, SR Watch & Jewelry and SR

Holdings have contributed approximately HK$2,785,000 and HK$24,715,000 respectively in the form of paid up capital and shareholders' loan of the JV Company. The total contribution of approximately HK$27,500,000 was arrived at based on (i) the JV Company's contribution to the deposit to be paid when submitting the Proposal and (ii) the estimated costs and expenses. As stated in the Heads of Agreement, if the transactions contemplated under the Proposal materialize and further capital injection into the JV Company indeed takes place, such further funding shall be contributed by the parties in the ratio of 90% and 10% for SR Holdings and SR Watch & Jewelry respectively provided that the aggregate amount to be contributed by SR Watch & Jewelry shall not exceed HK$10,000,000 unless all requisite approvals (including approval by the independent Shareholders) or waivers under the Listing Rules have been obtained by the Company. Other than the amounts already agreed and contributed into the JV Company, the Directors confirm that there is no contractual commitment regarding further capital injection into the JV Company or other financial commitment to the JV Company. As at the date of this announcement, the JV Company has an unaudited net asset value of approximately HK$27,500,000.

The terms of the Heads of Agreement were determined after arm's length negotiation between SR Watch & Jewelry and SR Holdings having taken into account the Proposal. The Directors consider that the transactions contemplated under the Heads of Agreement have been made on normal commercial terms and that such terms are fair and reasonable and that the Heads of Agreement is in the interest of the Shareholders and the Company as a whole.

The purpose of the JV Company is, together with 3 other Independent Third Parties, jointly form the Consortium for the purpose of submitting the Proposal. In the event that the Proposal is not accepted, the JV Company will be dissolved with the remaining assets in the JV Company (after deducting expenses) returned to SR Watch & Jewelry and SR Holdings according to the proportion of their contribution.

Each of SR Watch & Jewelry and SR Holdings has appointed one director on the board of the JV Company pursuant to the terms of the Heads of Agreement.

Reasons for and the benefits of the Heads of Agreement

As announced by the Company on 11 August 2008, the Group has commenced its business in the dealership of luxury watches in the PRC. As a continuation of the Group's strategy of diversifying its business into the luxury goods market, the Directors consider that the formation of the JV Company and the submission of the Proposal by the Consortium represents an ideal business opportunity for the Group to tap into the sales and distribution of high-end luxury watches in Asia which is currently undertaken by the Target Company. Although the Group is only interested in approximately 10% of the JV Company which in turn only forms part of the 4-party Consortium, the Directors are of the view that the existing arrangement allows the Group to participate in the Proposal, which is expected to bring in great business opportunities to the Group if materialized, with minimal capital outlay. In addition, the Group will then be in a position to be granted sales and distribution of other high-end luxury watch under the Target Company into the PRC.

INFORMATION ON THE COMPANY

The Company was incorporated as an exempted company with limited liability in Bermuda under the Companies Act 1981 of Bermuda (as amended), the Shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in (i) the sales of luxury goods in the PRC and (ii) the publication of comic books and multimedia development.

INFORMATION ON SR HOLDINGS

SR Holdings is a company incorporated in the British Virgin Islands with limited liability. It is wholly owned by Mr. Qi and is principally engaged in investment holding.

GENERAL

As SR Holdings is a substantial Shareholder interested in 535,000,000 Shares, representing approximately 29.95% of the Company's issued share capital, it is a connected person of the Company and the entering into of the Heads of Agreement constitutes a connected transaction under Rule 14A.13(6) of the Listing Rules. As each of the percentage ratios (other than the profits ratio) is less than 2.5%, the transaction contemplated under the Heads of Agreement is, pursuant to Rule 14A.32(1) of the Listing Rules, a connected transaction only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules. As for the potential further capital injection into the JV Company as mentioned in the section headed "The Proposal" above, any such capital injection into the JV Company by the Group in the event that the transactions contemplated under the Proposal indeed materialize may constitute a notifiable and connected transaction of the Company pursuant to the Listing Rules which may be subject to the reporting and Shareholders' approval requirements under the Listing Rules. Further announcement(s) will be made by the Company as and when appropriate.

As the bidding process is not completed, the transactions contemplated under the Proposal may or may not materialize. Accordingly, the Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, capitalized terms used in this announcement shall have the following meanings ascribed to them.

"associate(s)"	has the meaning given to it under the Listing Rules
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Company"	Sparkle Roll Group Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the Stock Exchange
"Consortium"	a consortium consisting of the JV Company and 3 other Independent Third Parties
"Director(s)"	the director(s) of the Company
"Group"	collectively, the Company and its subsidiaries

"Heads of Agreement"	the agreement dated 12 January 2009 entered into between SR Watch & Jewelry and SR Holdings regarding the JV Company
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"HK$"	the lawful currency of Hong Kong
"Independent Third Party/(ies)"	a party/(ies) who is/are independent of and is/are not connected with any of the Directors, chief executives or substantial Shareholders of the Company and any of its subsidiaries or any of their respective associates
"Interest"	a controlling interest in the Target Company
"JV Company"	Sparkle Roll Enterprises Limited, a company incorporated in the BVI which is owned as to 10% by SR Watch & Jewelry and 90% by SR Holdings
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Qi"	Mr. Qi Jian Hong (綦建虹) alias Mr. Kei Kin Hung
"Proposal"	a binding proposal dated 12 January 2009 in relation to a bid for a controlling interest in the Target Company by the Consortium
"Share(s)"	share(s) of HK$0.002 each in the share capital of the Company
"Shareholder(s)"	the shareholder(s) of the Company
"SR Holdings"	Sparkle Roll Holdings Limited, a company incorporated in the BVI with limited liability and is wholly owned by Mr. Qi
"SR Watch & Jewelry"	Sparkle Roll Watch and Jewelry Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	a company which, together with its subsidiaries, are principally engaged in the sales and distribution of high-end luxury watches in Asia and an independent third party to the Company and SR Holdings

By Order of the Board
Sparkle Roll Group Limited
Tong Kai Lap
Chairman

Hong Kong, 15 January 2009

As at the date of this announcement, the Company has three executive Directors, one non-executive Director and three independent non-executive Directors. The executive Directors are Mr. Tong Kai Lap, Mr. Zheng Hao Jiang and Mr. Wong Chun Keung. The non-executive Director is Mr. Zhao Xiao Dong. The independent non-executive Directors are Mr. Choy Sze Chung, Jojo, Mr. Lam Kwok Cheong and Mr. Lee Kang Bor, Thomas.

** for identification purpose only*