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SPARKLE ROLL GROUP LIMITED
耀萊集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 970)

DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF SUBSIDIARIES

Financial adviser to the Company

AmCap
Ample Capital Limited
豐盛融資有限公司

THE S&P AGREEMENT

The Board is pleased to announce that the Company, the Purchaser and the Guarantors have concluded the negotiations in relation to the Disposal and the parties thereto have entered into the S&P Agreement on 11 March 2010 (after trading hours). Under the S&P Agreement, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares and the Sale Loan at the aggregate Consideration of HK$67,000,000.

Dr. Wong is (i) a brother-in-law of Mr. Tong, an executive Director; (ii) a brother of Mr. Wong, an ex-executive Director who resigned on 14 December 2009; and (iii) Chief Creative Officer of the Group pursuant to a service agreement as disclosed in the Company's announcement dated 2 April 2009. By reason of Dr. Wong's relationship with Mr. Tong and Mr. Wong, Dr. Wong is an associate (as defined in the Listing Rules) of Connected Persons of the Company and is therefore also a Connected Person pursuant to Rule 14A.11(4).

Since (i) some of the applicable percentage ratios are 5% or more but less than 25%; and (ii) Consideration is more than HK$10,000,000, the Disposal constitutes (i) a discloseable transaction under Chapter 14 of the Listing Rules; and (ii) a connected transaction subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules respectively. The Purchaser, the Guarantors and their respective associates will abstain from voting on the resolution(s) to approve the Disposal at the SGM.

A circular containing, amongst others, (i) further information on the Disposal; (ii) the recommendation from the Independent Board Committee in respect of the Disposal; (iii) the advice from the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal; and (iv) a notice of the SGM, will be despatched to the Shareholders as soon as practicable and in accordance with the Listing Rules.

INTRODUCTION

Reference is made to the Announcement in relation to the conclusion of the Tender on 12 February 2010. The Board is pleased to announce that the Company, the Purchaser and the Guarantors have concluded the negotiations in relation to the Disposal and the parties thereto have entered into the S&P Agreement on 11 March 2010 (after trading hours). Under the S&P Agreement, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares and the Sale Loan.

THE DISPOSAL

Date of the S&P Agreement

11 March 2010

Parties

Vendor: the Company

Purchaser: Jade Sparkle Holdings Limited, a company incorporated in BVI which is beneficially owned as to 40% and 60% by Dr. Wong and Mr. Liu respectively

Guarantors : Dr. Wong and Mr. Liu as the guarantors of the Purchaser's obligations (the "Guarantors")

Dr. Wong is a Connected Person of the Company. To the best of the Directors' information, knowledge and belief and having made all reasonable enquiries, Mr. Liu is an Independent Third Party. Pursuant to the S&P Agreement, the Guarantors irrevocably and unconditionally guarantee to the Company the due performance by the Purchaser of all its obligations and liabilities under the S&P Agreement.

Asset to be disposed of

The Sale Shares, representing the entire issued share capital of JDMM, and the Sale Loan.

Consideration

The aggregate Consideration of HK$67,000,000 is comprised of (i) a consideration of HK$27,000,000 for the Sale Shares; and (ii) a consideration of HK$40,000,000 for the Sale Loan and shall be paid by the Purchaser in cash by 4 installments in the amounts and on the dates set forth below:

(i) as to HK$10,000,000 to be paid upon Completion of the S&P Agreement;

(ii) as to HK$8,500,000 to be paid on or before 30 June 2010;

(iii) as to HK$8,500,000 to be paid on or before 31 August 2010; and

(iv) the remaining balance of HK$40,000,000 to be paid on or before 31 December 2010.

The Consideration was determined through arm's length negotiations between the Company and the Purchaser with reference to (i) the unaudited consolidated net assets value of JDMM of approximately HK$27,000,000 as at 30 September 2009; (ii) the net loss of JDMM of approximately HK$152,004,000 during the year ended 31 March 2009; (iii) unsatisfactory results of the JDMM Group and the expected need for additional funding for its operations as mentioned in the section headed "Reasons for and benefits of the Disposal"; and (iv) the unaudited amount of the Sale Loan of approximately HK$40,000,000 as at 30 September 2009.

Conditions precedent

Completion is conditional upon:

(i) the Company's circular to the Shareholders containing, amongst others, further information on the S&P Agreement and the Disposal having been cleared by the Stock Exchange for publication;

(ii) the Independent Shareholders having approved the S&P Agreement and the transactions contemplated thereunder (including the Disposal) at the SGM; and

(iii) the Company having obtained all necessary approvals, consents or waivers (as appropriate) as required under the Listing Rules or other applicable regulations from the Stock Exchange or any other regulators in respect of the entering into and performance of the S&P Agreement.

None of the aforementioned conditions precedent can be waived by either of the parties thereto. If any of the conditions precedent cannot be fulfilled by 5 p.m. on 31 May 2010 (or such later date and time as may be agreed by the parties thereto in writing), the S&P Agreement shall lapse.

Completion

Completion shall take place on the fifth business day after the fulfillment of all of the conditions precedent or such other date as may be agreed by the parties thereto in writing.

Upon Completion, the Group will cease to have any interest in the JDMM Group and its group companies will cease to be subsidiaries of the Company.

Security for Balance of Consideration

At completion of the S&P Agreement, the balance of Consideration in the amount of HK$57,000,000 will be owing by the Purchaser to the Company. The Purchaser's obligation to pay the balance of Consideration will be regulated by a promissory note to be issued by the Purchaser in favour of the Company, incorporating a guarantee by the Guarantors. No interest will accrue on the balance of Consideration under the promissory note if it is repaid in accordance with the agreed installment schedule. If payment default shall occur, interest will be charged on the sum in default at the rate of 8% per annum over the prime rate from time to time quoted by The Hongkong & Shanghai Banking Corporation Limited.

In addition, the Purchaser's obligation to pay the balance of Consideration will be secured by a security deed to be executed by the Purchaser and JDMM in favour of the Company creating a first fixed charge over the Sale Shares and the Sale Loan. Under the security deed, if the first 3 installments of the Consideration in the aggregate amount of HK$27,000,000 have been paid in full:

(i) 50% of the Sale Shares will be released to the Purchaser; and

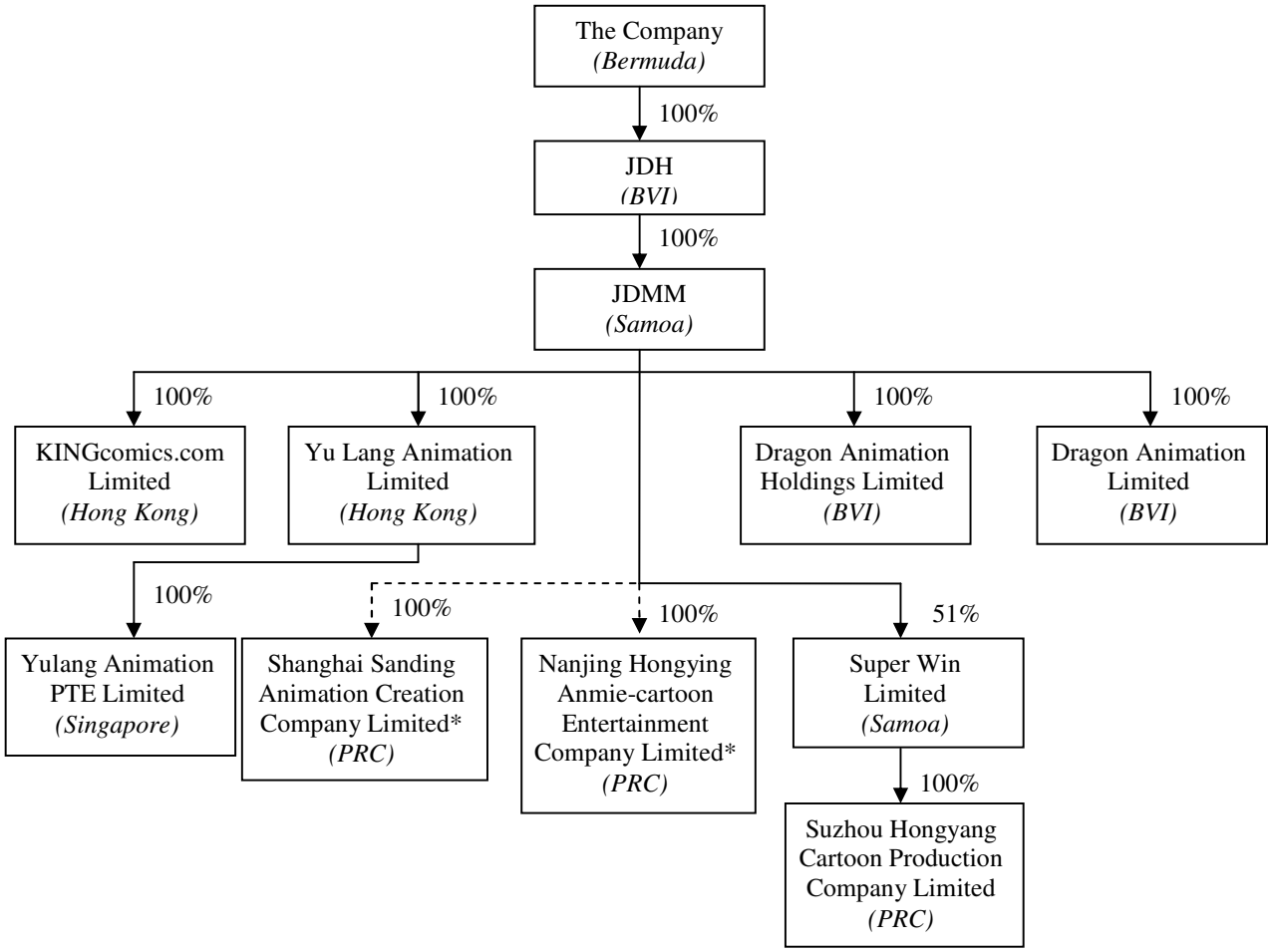
(ii) JDMM will be permitted to issue new shares up to 30% of its total issued share capital or approximately 23.1% of JDMM's total issued share capital as enlarged by such new issue of shares at an issue price representing a valuation of JDMM at not less than HK$40,000,000 on fully diluted basis.

The Purchaser may sell the 50% Sale Shares released from the security deed to third parties for cash, provided that the net proceeds of such sale shall be applied towards repayment of the last installment of the Consideration.

Until full settlement of the Consideration, the Company has right to appoint at least one director on the boards of members of the JDMM Group.

Information on the JDMM Group

JDMM is a company incorporated in Samoa with limited liability. The JDMM Group is principally engaged in animation and multi-media development in Hong Kong and the PRC. The group structure of the JDMM Group as at the date of this announcement is as follows:



Note: *Shanghai Sanding Animation Creation Company Limited and Nanjing Hongying Anmie-cartoon Entertainment Company Limited are owned by the Group through certain contractual arrangements, the details of which are set out in the Company's (previously known as Jade Dynasty Group Limited) circular dated 31 August 2007.*

	For the year ended 31 March	
	2009	**2008**
	HK$'000	*HK$'000*
Revenue	57,863	47,051
(Loss) profit before taxation	(149,847)	99
(Loss) profit after taxation	(152,004)	1,925

As at 30 September 2009, the JDMM Group had an unaudited consolidated net assets value of approximately HK$27,000,000.

Reasons for and the benefits of the Disposal and use of proceeds

The Group is principally engaged in (i) trading of luxury automobiles, watches and jewellery in the PRC (excluding Hong Kong and Macau) and trading of fine wines in the PRC (excluding Hong Kong and Macau); and (ii) comics and animation development.

As stated in the Company's interim report for the six months ended 30 September 2009, the PRC is now the world's third-biggest consumer of luxury goods, accounting for 12% of sales worldwide, up from just 1% five years ago. The sales of luxury goods have been encouraging, particularly the luxury watches business, and a significant profit was recorded for the six months ended 30 September 2009 in the Group's luxury goods division. The Group continued to progress and recorded stable automobile sales during the six months ended 30 September 2009 despite the financial turmoil and implementation of a consumption tax on luxury cars in the PRC, and profit from provision of after-sales services was very strong.

In comparison, the Group's comics and animations business recorded a net loss of approximately HK$1.36 million and HK$3.19 million respectively during the six months ended 30 September 2009. Turnover in the comics and animations business has been dropping during the six months ended 30 September 2009. Following the Disposal, the Board is seriously considering re-evaluation of its upcoming strategy for the comics business.

Having considered: (i) the unsatisfactory performance of the JDMM Group during the two years ended 31 March 2008 and 2009 and the six months ended 30 September 2009; (ii) JDMM is expected to require further substantial amount of funding in the future; (iii) the timing and ability of JDMM's repayment of the indebtedness under the Sale Loan out of its own resources is uncertain; and (iv) the Disposal would allow the Group to dispose of an under-performing and non-core business therefore allowing the Group to focus its resources and apply the proceeds from the Disposal on its principal business of trading of luxury goods in the PRC, the Board (including the independent non-executive Directors) is of the view that the terms of the S&P Agreement are fair and reasonable and are on normal commercial terms and the Disposal is in the interests of the Company and the Shareholders as a whole.

The net sale proceeds of the Disposal, after deducting all related expenses, is expected to be approximately HK$66.5 million and are intended to be applied as the Group's general working capital and to fund the Group's development in the luxury goods business.

Financial effects of the Disposal

Subject to review by the Company's auditors, the Group is expected to record an unaudited gain of approximately HK$2.8 million from the Disposal.

GENERAL

Dr. Wong is (i) a brother-in-law of Mr. Tong Kai Lap ("**Mr. Tong**"), an executive Director; (ii) a brother of Mr. Wong Chun Keung ("**Mr. Wong**"), an ex-executive Director who resigned on 14 December 2009; and (iii) Chief Creative Officer of the Group pursuant to a service agreement as disclosed in the Company's announcement dated 2 April 2009. By reason of Dr. Wong's relationship with Mr. Tong and Mr. Wong, Dr. Wong is an associate (as defined in the Listing Rules) of Connected Persons of the Company and is therefore also a Connected Person pursuant to Rule 14A.11(4).

Since (i) some of applicable percentage ratios are 5% or more but less than 25%; and (ii) Consideration is more than HK$10,000,000, the Disposal constitutes (i) a discloseable transaction under Chapter 14 of the Listing Rules; and (ii) a connected transaction subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules respectively. The Purchaser, the Guarantors and their respective associates will abstain from voting on the resolution(s) to approve the Disposal at the SGM.

A circular containing, amongst others, (i) further information on the Disposal; (ii) the recommendation from the Independent Board Committee in respect of the Disposal; (iii) the advice from the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal; and (iv) a notice of the SGM, will be despatched to the Shareholders as soon as practicable and in accordance with the Listing Rules.

DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

"Announcement"	the Company's announcement dated 12 February 2010 in relation to the conclusion of the Tender
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Company"	Sparkle Roll Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
"Completion"	completion of the S&P Agreement
"Connected Person(s)"	has the meaning ascribed thereto in the Listing Rules

"Consideration"	the aggregate consideration of HK$67,000,000 comprising (i) HK$27,000,000 for the Sale Shares; and (ii) HK$40,000,000 for the Sale Loan
"Disposal"	the disposal of the Sale Shares and the Sale Loan under the S&P Agreement
"Dr. Wong"	Dr. Wong Chun Loong (黃振隆), a Connected Person of the Company
"Directors(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of PRC
"Independent Board Committee"	an independent committee of the Board to be established to advise the Independent Shareholders with regard to the Disposal
"Independent Third Party(ies)"	parties independent of and not connected to the Company, the Directors, chief executives or substantial Shareholders of the Company or their associates
"Independent Shareholder(s)"	Shareholders other than the Purchaser, the Guarantors and their respective associates who do not have any material interest in the Disposal
"JDH"	Jade Dynasty Holdings Limited, a company incorporated in the BVI, a direct wholly owned subsidiary of the Company
"JDMM"	Jade Dynasty Multi-Media Limited, a company incorporated in Samoa, an indirect wholly owned subsidiary of the Company and the subject company of the Disposal
"JDMM Group"	JDMM and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the main board of the Stock Exchange
"Mr. Liu"	Mr. Liu Qiang (劉強), an Independent Third Party
"PRC"	the People's Republic of China

"Purchaser"	Jade Sparkle Holdings Limited, a company incorporated in BVI which is beneficially owned as to 40% and 60% by Dr. Wong and Mr. Liu respectively
"S&P Agreement"	the conditional sale and purchase agreement dated 11 March 2010 entered into by the Company, the Purchaser and the Guarantors in relation to the Disposal
"Sale Loan"	a loan owed by JDMM to JDH in the unaudited amount of approximately HK$40,000,000 as at 30 September 2009
"Sale Shares"	one hundred (100) shares in JDMM representing 100% of its issued share capital to be sold under the Disposal
"Samoa"	the Independent State of Samoa
"SGM"	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Disposal
"Shareholder(s)"	holder(s) of Share(s)
"Share(s)"	ordinary share(s) of HK$0.002 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tender"	the private tender by the Company's invitation in respect of the bid for the Sale Shares concluded on 12 February 2010
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"%"	per cent

By order of the Board of
Sparkle Roll Group Limited
Zheng Hao Jiang
Chief Executive Officer

Hong Kong, 12 March 2010

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. Zhao Xiao Dong. The non-executive Director is Mr. Zhang Si Jian. The independent non-executive Directors are Mr. Choy Sze Chung, Jojo, Mr. Lam Kwok Cheong and Mr. Lee Kang Bor, Thomas.

* *For the purpose of identification only*