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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)

INSIDE INFORMATION
ENTERING INTO THE SHAREHOLDERS' AGREEMENT IN RELATION TO THE FORMATION OF JOINT VENTURE

Financial adviser to the Company

AmCap
Ample Capital Limited
豐盛融資有限公司

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

Reference is made to the announcements made by the Company on 21 January 2015, 29 May 2015 and 3 July 2015.

THE SHAREHOLDERS' AGREEMENT

The Board is pleased to announce that on 30 September 2015 (after the trading hours), the Company, CGL and ODAG entered into the Shareholders' Agreement in relation to the formation of the NewCo.

* *for identification purpose only*

Pursuant to the Shareholders' Agreement, ODAG agrees to subscribe for 499 NewCo Shares, representing 49.9% of the total number of the issued shares of the NewCo, while CGL agrees to subscribe for 501 NewCo Shares, representing 50.1% of the total number of the issued shares of the NewCo. In addition, under the Shareholders' Agreement, ODAG grants to the Company and CGL a Put Option, under which CGL and/or any member of the Group which holds the NewCo Shares has the right to sell to ODAG the Option Securities. Similarly, the Company and CGL grant to ODAG a Call Option, under which ODAG has the right to buy the Option Securities from CGL and/or any member of the Group which holds the NewCo Shares.

LISTING RULES IMPLICATIONS

As none of the applicable percentage ratios for the formation of the NewCo as contemplated under the Shareholders' Agreement exceeds 5%, the formation of the NewCo as contemplated under the Shareholders' Agreement does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

As none of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the grant of the Call Option (which is treated as if the Call Option had already been exercised subject to the Cap) exceeds 5%, the grant of the Call Option as contemplated under the Shareholders' Agreement (which is treated as if the Call Option had already been exercised subject to the Cap) does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

As none of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the grant of the Put Option exceeds 5%, the granting of the Put Option as contemplated under the Shareholders' Agreement does not constitute a notifiable transaction under Chapter 14 of the Listing Rules. Under Rule 14.75 of the Listing Rules, only the premium of the Put Option (which is nil) has been taken into account for the purpose of determining the applicable percentage ratios under Chapter 14 of the Listing Rules.

ODAG will become a substantial shareholder of the NewCo, and therefore is a connected person of the Company at the subsidiary level under Rule 14A.07 of the Listing Rules. However, as the total assets (equivalent to the total capital commitment), profits and revenue of the NewCo as compared to that of the Group are less than 10% under the percentage ratio upon the establishment of the NewCo, the NewCo falls under the exemption under Chapter 14A of the Listing Rules and will be an insignificant subsidiary of the Company under Rule 14A.09(1) of the Listing Rules upon its establishment. ODAG is therefore, not a connected person of the Company notwithstanding of its interest in the NewCo. As long as the NewCo continues to remain as an insignificant subsidiary, any transaction carried out between the Company (or its subsidiaries) with ODAG will not constitute a connected transaction or a continuing connected transaction under Chapter 14A of the Listing Rules. If the NewCo ceases to be an insignificant subsidiary in the future, ODAG will become a connected person of the Company and as a result, all transactions carried out between the Company (or its subsidiaries) with ODAG will become connected transactions or continuing connected transactions (as the case may be). In such case, the Company will comply with all applicable requirements of the Listing Rules and make further announcement(s) (if necessary) as and when appropriate in accordance with the Listing Rules. The Company will make further assessment at the time when any transaction is made between any member of the Group and ODAG, in particularly, when (a) the Distribution Agreement and the Davidoff Shop Agreement are entered into; (b) the Cigars and Accessories are purchased by the NewCo from ODAG; and (c) the exercise of the Put Option or the Call Option (as the case may be).

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

Reference is made to the announcements made by the Company on 21 January 2015, 29 May 2015 and 3 July 2015.

The Board is pleased to announce that on 30 September 2015 (after the trading hours), the Company, CGL and ODAG entered into the Shareholders' Agreement in relation to the formation of the NewCo for the purpose of carrying out the Businesses in the Territory.

BACKGROUND FOR THE FORMATION OF THE NEWCO

Pursuant to the Shareholders' Agreement, ODAG agrees to subscribe for 499 NewCo Shares, representing 49.9% of the total number of the issued shares of the NewCo, while CGL agrees to subscribe for 501 NewCo Shares, representing 50.1% of the total number of the issued shares of the NewCo. The NewCo will be set up for carrying out the Businesses in the Territory. Major terms of the Shareholders' Agreement are set out in the section headed "Shareholders' Agreement" in this announcement below.

After the incorporation of the NewCo, the NewCo will enter into the Distribution Agreement with ODAG, pursuant to which, ODAG (a) appoints the NewCo as the official distributor and grants to the NewCo the distribution right to wholesale the Accessories to Ding Sheng for sub-distribution in the Territory; (b) appoint the NewCo as the official importer of the Cigars for the purpose of reselling all of them to the STMA and/or its local branches; and (c) supplies the Accessories and Cigars to the NewCo under the terms and conditions of the Distribution Agreement. In addition, as the NewCo shall be responsible for the advertising and marketing activities in connection with the introduction, promoting and marketing of the Cigars and the Accessories in the Territory (the "**Marketing Activities**"), ODAG agrees to grant to the NewCo the non-exclusive right to use the Davidoff Trademarks and other various brands, trade names, logos and trademarks owned by or exclusively licensed to ODAG for conducting the Marketing Activities within the Territory. As at the date of this announcement, terms and conditions of the Distribution Agreement have been agreed, and the form of which is attached in the Shareholders' Agreement. Major terms of the Distribution Agreement are set out in the section headed "Distribution Agreement" in this announcement below.

Being one of the Businesses to be carried out by the NewCo, under the Distribution Agreement, the NewCo shall make recommendation to ODAG for the candidate of the Local Partners, and ODAG will have the absolute discretion to decide if the recommendation made by the NewCo is acceptable or not for the purpose of choosing the candidates of the Local Partners to operate the Stores or the specialised sales area in the retail outlets with reference to the Davidoff Trademarks. ODAG undertakes in the Shareholders' Agreement that it will not enter into any Depositaire Agreement or Davidoff Shop Agreement with any parties within the Territory unless the prior consent of the NewCo and the Company as to the choice of such Local Partners is obtained.

To grant and regulate the use of the Davidoff Trademarks for operating the Stores and the specialised sales area in the retail outlets operated by Ding Sheng and the Local Partners, Ding Sheng and each of the Local Partners will enter into with ODAG the Davidoff Shop Agreement (for the case of operating the Stores) or the Depositaire Agreement (for the case of operating the specialized sales area in the retail outlets) as appropriate which terms and conditions will be subject to further negotiation and agreement reached by the parties to such agreements. Ding Sheng intends to enter into the Davidoff Shop Agreement but as at the date of this announcement, Ding Sheng has not yet entered into the Davidoff Shop Agreement with ODAG. When the Davidoff Shop Agreement is entered into, the Company will comply with all applicable requirements of the Listing Rules and make further announcement(s) (if necessary) as and when appropriate.

THE SHAREHOLDERS' AGREEMENT

Date

30 September 2015 (after the trading hours)

Parties to the Shareholders' Agreement

(i) the Company;

(ii) CGL; and

(iii) ODAG.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, ODAG and its ultimate beneficial owner(s) are Independent Third Parties.

The NewCo shall become a party to the Shareholders' Agreement by entering into a supplemental deed immediately after the NewCo is established.

Formation of the NewCo

The Company agrees to use its reasonable endeavours to cause the NewCo to be incorporated under the laws of Hong Kong within 30 days from the date of signing of the Shareholders' Agreement. Upon the incorporation of the NewCo, CGL shall subscribe for 501 NewCo Shares, representing 50.1% of the total number of the issued shares of the NewCo at a total purchase price of US$1,503,000 (equivalent to approximately HK$11,723,000) ("**CGL Subscription Price**"), while ODAG shall subscribe for 499 NewCo Shares, representing 49.9% of the total number of the issued shares of the NewCo at a total purchase price of US$1,497,000 (equivalent to approximately HK$11,677,000) (the "**ODAG Subscription Price**").

The CGL Subscription Price and the ODAG Subscription Price shall be paid by each of CGL and ODAG respectively in three installments in the following manner:

(i) 60% of the CGL Subscription Price and ODAG Subscription Price shall be paid by each of them upon the signing of the Shareholders' Agreement or upon the incorporation of the NewCo (whichever is the later);

(ii) 20% of the CGL Subscription Price and ODAG Subscription Price shall be paid by each of them within 1 calendar year from the signing of the Shareholders' Agreement; and

(iii) the remaining 20% of the CGL Subscription Price and ODAG Subscription Price shall be paid by each of them within 2 calendar years from the signing of the Shareholders' Agreement.

The CGL Subscription Price and the ODAG Subscription Price will be used as the working capital of the NewCo.

As CGL will hold 50.1% equity interest in the NewCo, the NewCo will become a subsidiary of the Company.

Shareholders' Loans

ODAG undertakes to provide, and the Company undertakes to procure CGL or any of the members of the Group to provide the shareholders' loans to the NewCo (the "**Shareholders' Loans**") on such date as determined by the board of directors of the NewCo. The amount of the Shareholders' Loans will be dependent on the funding requirements as agreed between ODAG and the Company, and shall be determined upon the existing percentage shareholding in the NewCo held by ODAG and CGL at the date when the Shareholders' Loans are provided. The Shareholders' Loan shall have a minimum interest rate applicable for an arm's length transaction as required by the Swiss Federal Tax Authority. The obtaining of the Shareholders' Loan by the NewCo and the provision of the Shareholders' Loans by CGL (or any members of the Group) or ODAG to the NewCo shall be subject to and conditionally upon the compliance of all requirements under the Listing Rules. The Shareholders' Loans provided by ODAG will be secured by the guarantee provided by the Company, under which, the Company shall unconditionally and irrevocably guarantee to ODAG as a continuing obligation the due and punctual performance of the payment obligations of the NewCo arising under the Shareholder Loan provided by ODAG, whereas the Shareholders' Loan provided by CGL or any members of the Group will be secured by the guarantee provided by ODAG, under which ODAG shall unconditionally and irrevocably guarantee to the Company as a continuing obligation the due and punctual performance of the payment obligations of the NewCo to the Company arising under the Shareholders' Loan provided by CGL (or any member of the Group). The above guarantee arrangements shall be subject to and conditionally upon the compliance of all requirements under the Listing Rules. The Company will comply with all applicable requirements of the Listing Rules and make further announcement(s) (if necessary) as and when appropriate. As at the date of this announcement, no Shareholders' Loan is obtained by the NewCo.

Scope of business

The NewCo shall be formed for the purpose of carrying out the Businesses in the Territory. The Business entails (a) the trading of the Cigars by buying from ODAG and reselling all of them to the STMA and/or its local branches; (b) the trading of the Accessories by importing from ODAG and reselling all of them to Ding Sheng; and (c) giving recommendation to ODAG on the candidates of the Local Partners in the Territory.

Term of the Shareholders' Agreement

The initial term of the Shareholders' Agreement shall be five years commencing from the date of the Shareholders' Agreement. Where the parties to the Shareholders' Agreement agree, the term of the Shareholders' Agreement can be renewed and extended for another three years on substantially the same terms and conditions under the Shareholders' Agreement after the expiration of the aforesaid initial term. The renewal of the Shareholders' Agreement shall be subject to and conditional upon compliance of all requirements under the Listing Rules. The Company will comply with all applicable requirements of the Listing Rules and make further announcement(s) (if necessary) as and when appropriate.

Restriction on the transfer of the NewCo Shares

ODAG shall have the sole discretion to transfer such number of NewCo Shares as determined by it to an investor as identified by ODAG (the "**New Participant**") provided that the shareholding of ODAG in the NewCo shall not be less than the shareholding of the New Participant in the NewCo after such transfer. As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the New Participant is an Independent Third Party.

Apart from the above transfer of the NewCo Shares to the New Participant and the exceptions set out below, neither of the shareholders of the NewCo shall transfer or dispose of all or any of its NewCo Shares or the beneficial interest therein within five years from the date of the Shareholders' Agreement.

The exceptions for the transfer of the NewCo Shares are:

(i) the transfer is made as a result of the exercise of the Put Option or Call Option;

(ii) the transfer of the NewCo Shares held by CGL from CGL to any member of the Group;

(iii) the transfer of the NewCo Shares held by ODAG from ODAG to any member of ODAG Group; or

(iv) the transfer of the NewCo Shares to any third party transferee in respect of which prior approval in writing has been given by the other shareholders of the NewCo and after the full compliance of the procedures for the right of first refusal as prescribed under the Shareholders' Agreement.

Right of first refusal

In case of any proposed transfer of any of the NewCo Shares, the other shareholders of the NewCo will have a right of first refusal to acquire all or part of the relevant NewCo Shares from the selling shareholder of the NewCo at the same price and upon the terms and conditions under the offer made by a proposed third party transferee. The relevant selling shareholder of the NewCo shall pass through the relevant procedures as prescribed under the Shareholders' Agreement to make the above offer to the other shareholder(s) of the NewCo.

Composition of the board of directors of the NewCo

The board of directors of the NewCo shall consist of five directors. Three of them shall be appointed by CGL, while the remaining two shall be appointed by ODAG. The director appointed by CGL shall be elected from time to time as the chairman of the board of directors of the NewCo.

Veto matters

Pursuant to the Shareholders' Agreement, the following decisions relating to the NewCo shall be approved by the board of directors of the NewCo with affirmative votes from at least one director of the NewCo appointed by CGL and one director of the NewCo appointed by ODAG.

(i) any material alterations to the business plan of the NewCo including the annual amendments but excluding any operation matters;

(ii) the hiring, dismissal or replacement of key employees of the NewCo who is entitled to annual remuneration of more than HK$1,000,000 and the approval of and alterations to their compensation;

(iii) any acquisition or sale of securities (other than acquisition of securities in any subsidiary);

(iv) any sale, lease or other disposition of any securities, material asset (other than retail outlets), fixed assets (including concessions) exceeding HK$5,000,000 in any one transaction or series of related transactions, or any granting of an option or other right in respect of such sale, lease or other disposition;

(v) the commencement or settlement by the NewCo of any litigation, arbitration or governmental proceedings, other than in the ordinary course of business of the NewCo;

(vi) the entering into by the NewCo of any agreement, contract or commitment involving a total commitment or potential commitment (a) in any one year in excess of HK$6,000,000 or (b) over the term of the agreement, contract or commitment in excess of HK$7,000,000, (or as the NewCo shall otherwise direct) other than purchases or sales of merchandise in the ordinary course of business. Such figures are to be increased annually as agreed by the board of directors of the NewCo (in the event that it cannot agree a revised figure by the end of the NewCo's fiscal year then that figure will be deemed to be increased by 5%);

(vii) the approval and/or amendment of any agreement or contract of any kind between the NewCo and any of its directors which is not on arm's length terms. Such approval shall also be required for any such agreement or contract if any such director has an indirect interest or is involved through a third party;

(viii) the approval and/or amendment of any agreement or contract of any kind between the NewCo and any of its shareholders and any of their affiliated companies which is not on arm's length terms;

(ix) the giving by the NewCo of any guarantee, indemnity or security in respect of the obligations of any other person (other than the NewCo itself); and

(x) the appointment of an attorney-at-law (such attorney to be independent from the shareholders of the NewCo).

In addition, pursuant to the Shareholders' Agreement, the following decisions relating to the NewCo shall require the approval of ODAG (or such other shareholders of the NewCo which acquire the NewCo Shares held by ODAG) and CGL (or such other shareholders of the NewCo which acquire the NewCo Shares held by CGL) in the general meeting of the NewCo:

(i) the approval of the terms and conditions of, and the entering into of, any credit facilities or any other financing proposals to be made available to the NewCo, other than in the ordinary course of business and/or the Shareholders' Loans;

(ii) the issue of any shares (or any rights, options, warrants or any other agreement or arrangement creating a right to subscribe for new shares) of the NewCo;

(iii) the grant or agreement to grant any option over shares or any uncalled capital of the NewCo or the issue of any convertible bonds;

(iv) any reorganisation of the NewCo's share capital;

(v) the capitalisation, repayment or other form of distribution (other than by way of dividend out of profits available for distribution) of any amount outstanding to the credit of any reserve of the NewCo or the redemption or purchase of any shares in the NewCo; and

(vi) the declaration of any interim or annual dividend or other distribution to the shareholders of the NewCo.

Brand related issues

ODAG, being the owner or the exclusive licensee of the Davidoff Trademarks and other various brands, trade name, logos and trademarks, shall be responsible for the strategic and operational supervision over the Davidoff Trademarks and other various brands, trade names, logos and trademarks owned by or exclusively licensed to ODAG in the Territory. The Company and the NewCo shall follow ODAG's guidance over the brand positioning and brand management of the Davidoff Trademarks and other various brands, trade names, logos and trademarks owned by or exclusively licensed to ODAG. ODAG Group shall be responsible for the entire brands-related quality supervision and have a veto right in respect of any decision taken or to be taken by the board of directors of the NewCo or the NewCo, as the case may be, which affects any of the Davidoff Trademarks and other various brands, trade names, logos and trademarks owned by or exclusively licensed to ODAG.

ODAG shall be entitled to charge a licence fee in relation to the use of the Davidoff Trademarks for setting up and/or the operation of the Stores or the specialised sales area in a retail outlet with reference to the Davidoff Trademarks by Ding Sheng or the Local Partners which have entered into the Despositaire Agreements or Davidoff Shop Agreement with ODAG. Subject to the requirements and approval of the Swiss Federal Tax Authority, ODAG shall charge a nominal licence fee of US$1.00 per annum against Ding Sheng and each of the Local Partners which have entered into the Despositaire Agreements or Davidoff Shop Agreement with ODAG.

Communication with STMA

The Company will procure Ding Sheng to (a) communicate with the STMA and the relevant regional monopolies; (b) conduct quota negotiations with the STMA; and (c) arrange the key executives of ODAG to substantially and regularly participate in the quota negotiations with the STMA based on ODAG's powers on the brands-related issues.

Put Option and Call Option

Pursuant to the Shareholders' Agreement, ODAG grants to the Company and CGL a Put Option, under which CGL and/or any member of the Group which holds the NewCo Shares has the right to sell to ODAG the Option Securities. Similarly, the Company and CGL grant to ODAG a Call Option, under which ODAG has the right to buy the Option Securities from CGL and/or any member of the Group which hold the NewCo Shares. No premium is paid for the grant of the Call Option and the Put Option.

During the term of the Shareholders' Agreement, subject to and conditionally upon the compliance of all requirements under the Listing Rules, the Put Option can be exercised within 30 days beginning on the date when the Company or CGL first become aware or is informed of any one of the following events (the "**Put Option Exercise Period**") by way of serving a written notice to ODAG:

(i) failure by ODAG to remedy a material breach of the terms of the Shareholders' Agreement (in which case the Put Option Price shall be equal to 120% of the fair market value of the Option Securities);

(ii) the insolvency and/or winding up of ODAG (in which case the Put Option Price shall be equal to 120% of the fair market value of the Option Securities);

(iii) all or any one of the CEOs of ODAG or the Company inform the board of directors of the NewCo that a deadlock exists due to the failure of the CEOs of ODAG and the Company to resolve a veto matter (in which case the Put Option Price shall be equal to 100% of the fair market value of the Option Securities if the deadlock is genuinely made; 120% of the fair market value of the Option Securities if the deadlock is deliberately caused by ODAG; or 80% of the fair market value of the Option Securities if the deadlock is deliberately caused by the Company); or

(iv) ODAG unilaterally terminates the Distribution Agreement with the NewCo, or the Davidoff Shop Agreement with Ding Sheng, other than by reason of force majeure (in which case the Put Option Price shall be equal to 120% of the fair market value of the Option Securities).

During the term of the Shareholders' Agreement, subject to and conditionally upon the compliance of all requirements under the Listing Rules, the Call Option can be exercised within 30 days beginning on the date when ODAG first become aware or is informed of any one of the following events (the "**Call Option Exercise Period**") by way of serving a written notice to CGL:

(i) failure by the Company or any member of the Group to remedy a material breach of the Shareholders' Agreement (in which case, subject to the Cap, the Call Option Price shall be equal to 80% of the fair market value of the Option Securities);

(ii) the insolvency and/or winding up of the Company, CGL or Ding Sheng (in which case, subject to the Cap, the Call Option Price shall be equal to 80% of the fair market value of the Option Securities);

(iii) the passing of a seven days' period after all or any one of the CEOs of ODAG or the Company inform the board of directors of the NewCo that a deadlock exists due to the failure of the CEOs of ODAG and the Company to resolve a veto matter (only exercisable by ODAG if the Company or CGL has not exercised its Put Option in connection with the same deadlock event) (in which case, subject to the Cap, the Call Option Price shall be equal to 100% of the fair market value of the Option Securities if the deadlock is genuinely made; 120% of the fair market value of the Option Securities if the deadlock is deliberately caused by ODAG; or 80% of the fair market value of the Option Securities if the deadlock is deliberately caused by the Company); or

(iv) the NewCo, Ding Sheng or any member of the Group unilaterally terminates the Distribution Agreement or the Davidoff Shop Agreement, other than by reason of force majeure (in which case, subject to the Cap, the Call Option Price shall be equal to 80% of the fair market value of the Option Securities).

If the Put Option or the Call Option is exercised as a result of the existence of a deadlock due to the failure of the CEOs of ODAG and the Company to resolve a veto matter, ODAG and the Company shall appoint an expert to determine whether the deadlock leading to the exercise of the Put Option or the Call Option (as the case may be) is genuine when any one of the shareholders of the NewCo considers that the deadlock is not genuine, failing which, either of the shareholders of the NewCo shall be entitled to request the President of the Law Society of Hong Kong or CEDR Asia Pacific to appoint an expert to determine whether the deadlock leading to the exercise of the Put Option or the Call Option (as the case may be) is genuine.

The fair market value of the Option Securities shall first be agreed between ODAG and the Company within 30 calendar days following the service of the notice of exercise of the Put Option or the Call Option (as the case may be), failing which the fair market value of the Option Securities shall be determined by any one of the Big Four Accounting Firms with its headquarter in Hong Kong as a single independent appraiser. Such independent appraiser shall be jointly appointed by ODAG and the Company within the next 30 calendar days following the date when ODAG and the Company fail to first agree on the fair market value of the Option Securities. Any firm which is the existing accountant/auditor of ODAG, the NewCo or the Company cannot be appointed for determining the fair market value of the Option Securities.

If the Put Option and the Call Option are not exercised during the Put Option Exercise Period and the Call Option Exercise Period (as the case may be), the Put Option and/or the Call Option will immediately and automatically lapse in relation to such circumstances entitling the exercise of such option.

The grant and the exercise of the Put Option and/or the Call Option (including the completion of the transaction as a result of the exercise of the Put Option and/or Call Option) shall be subject to and conditionally upon the compliance of all requirements under the Listing Rules.

DISTRIBUTION AGREEMENT

The Distribution Agreement will be entered into after the incorporation of the NewCo. When the Distribution Agreement is entered into, the Company will comply with all applicable requirements of the Listing Rules and make further announcement(s) (if necessary) as and when appropriate.

Parties to the Distribution Agreement

(i) the NewCo; and

(ii) ODAG.

Term and termination

The initial term of the Distribution Agreement commences on the date of the Distribution Agreement and continues for five years. The term will automatically and continuously renew for periods of three years unless either the NewCo or ODAG gives written termination notice for at least three months prior to the expiration of the initial term (or the renewed term).

The renewal of the Distribution Agreement shall be subject to and conditional upon compliance of all requirements under the Listing Rules. The Company will comply with all applicable requirements of the Listing Rules and make further announcement(s) (if necessary) as and when appropriate.

The Distribution Agreement will also be terminated with immediate effect if (a) the Shareholders' Agreement is terminated; (b) CGL or the Company ceases to be a shareholder of the NewCo; or (c) upon the occurrence of certain termination events.

Distributor's right

ODAG agrees to (a) appoint the NewCo as the official distributor and grant to the NewCo the distribution right to wholesale the Accessories to Ding Sheng for sub-distribution in the Territory; (b) appoint the NewCo as the official importer of the Cigars for the purpose of reselling all of them to the STMA and/or its local branches; and (c) supply the Accessories and Cigars to the NewCo under the terms and conditions of the Distribution Agreement. In addition, as the NewCo shall be responsible for the Marketing Activities, ODAG grants to the NewCo the non-exclusive right to use the Davidoff Trademarks and other various brands, trade names, logos and trademarks owned by or exclusively licensed to ODAG for conducting the Marketing Activities within the Territory in accordance with the terms of the Distribution Agreement. However, the NewCo is not entitled to grant any kind of sub-licence for the Davidoff Trademarks and other various brands, trade names, logos and trademarks owned by or exclusively licensed to ODAG to any third party.

The NewCo shall actively and continuously promote and advertise the Cigars and the Accessories within the Territory at its own costs. Annual expenditure for advertising and marketing of the Cigars and the Accessories shall be agreed by ODAG and the NewCo, which amount shall be borne by the NewCo.

Recommendation on the Local Partners

The NewCo is entitled to make recommendation to ODAG for the candidate of the Local Partners, and ODAG will have the right to decide if the recommendation made by the NewCo is acceptable or not for the purpose of choosing the candidates of the Local Partners to operate the Stores or the specialised sales area in the retail outlets with reference to the Davidoff Trademarks under the Davidoff Shop Agreement or the Depositaire Agreement (as the case may be).

The NewCo shall, to the extent that it is within its power and capacity, provide the necessary assistance to the Local Partners so as to enable them to perform the terms of the Davidoff Shop Agreement or the Depositaire Agreement, including the provisions of training, quality control over the management and operation of the businesses of the Local Partners, and provision of marketing and promotional events and activities relating to the Cigars and the Accessories.

Supply and sale of the Cigars and Accessories

ODAG shall supply to the NewCo the Cigars and the Accessories ordered during the term of the Distribution Agreement, subject to their availability and provided that payment are adequately warranted or paid by the NewCo.

In each calendar year, the NewCo shall submit to ODAG the purchase and sales forecast for the Cigars and the Accessories on a quarterly basis for the next calendar year for discussion. ODAG and the NewCo shall work out a binding purchase and sales forecast through mutual negotiation. After that, the NewCo shall submit the corresponding purchase orders.

The minimum value per order is CHF10,000. The purchase price of the Cigars and the Accessories for each order will be in accordance with ODAG's ex-warehouse price as at the date of order. The costs of transportation and insurance of the Cigars and the Accessories shall be borne by the NewCo.

The NewCo is free to determine the sales price of the Cigars sold to the STMA/its local branches and the sales price of the Accessories sold to Ding Sheng.

Other support from ODAG

ODAG shall provide the know-how regarding:

(i) the equipment and adequate acclimatisation of storage facilities for premium cigars in the course of transit from ODAG to the STMA;

(ii) instructions with regard to the Cigars and the Accessories, and selling techniques;

(iii) marketing and promotion programs/ideas for each brand of the Cigars and Accessories; and

(iv) advertising (concepts, artwork, etc.) of the Cigars and Accessories.

INFORMATION ON THE GROUP AND CGL

The Group is principally engaged in distributorships and dealerships of top-tier branded consumer goods.

CGL is a company incorporated in the British Virgin Islands which is a wholly-owned subsidiary of the Company. It is an investment holding company.

INFORMATION ON ODAG

ODAG is a private limited company incorporated in Switzerland and is principally engaged in (i) fast moving consumer goods distribution in the Swiss market; and (ii) production, marketing and retailing premium branded cigars, tobacco products and accessories.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SHAREHOLDERS' AGREEMENT AND THE DISTRIBUTION AGREEMENT

As disclosed in the Company's annual report for the year ended 31 March 2015, the Group is committed to continue its leading roles in the top-tier branded consumer goods market in the PRC with its mission in expanding the non-auto business to diversify its product portfolio. The Group is eyeing joint ventures of non-auto businesses with capable partners to leverage on their resources, expertise and experience. The Group's strategy is to put more efforts to develop and expand the non-auto business so as to bring profitable returns to the Shareholders in the future. In line with the aforementioned strategy, the Directors consider that it is beneficial for the Group to explore new business opportunities which are outside of the Group's traditional principal business in automobile dealership but in line with the Group's principal theme in sales and distribution of top-tier branded consumer goods. To that end, the Directors have identified the Businesses which the Directors view as a business segment with promising prospects. Since the individual customers of the Group's existing principal business in top-tier automobiles are predominantly males with high spending power, the Directors consider that the Businesses may create synergies with the Group's existing business segments as the end products in the Businesses are also perceived to have the same target customer group and market positioning.

Given the above, the Directors consider that the terms of the Shareholders' Agreement (including the formation of the NewCo, the Put Option and the Call Option) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As none of the applicable percentage ratios for the formation of the NewCo as contemplated under the Shareholders' Agreement exceeds 5%, the formation of the NewCo as contemplated under the Shareholders' Agreement does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

As none of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the grant of the Call Option (which is treated as if the Call Option had already been exercised subject to the Cap) exceeds 5%, the grant of the Call Option as contemplated under the Shareholders' Agreement (which is treated as if the Call Option had already been exercised subject to the Cap) does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

As none of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the grant of the Put Option exceeds 5%, the granting of the Put Option as contemplated under the Shareholders' Agreement does not constitute a notifiable transaction under Chapter 14 of the Listing Rules. Under Rule 14.75 of the Listing Rules, only the premium of the Put Option (which is nil) has been taken into account for the purpose of determining the applicable percentage ratios under Chapter 14 of the Listing Rules.

ODAG will become a substantial shareholder of the NewCo, and therefore is a connected person of the Company at the subsidiary level under Rule 14A.07 of the Listing Rules. However, as the total assets (equivalent to the total capital commitment), profits and revenue of the NewCo as compared to that of the Group are less than 10% under the percentage ratio upon the establishment of the NewCo, the NewCo falls under the exemption under Chapter 14A of the Listing Rules and will be an insignificant subsidiary of the Company under Rule 14A.09(1) of the Listing Rules upon its establishment. ODAG is therefore, not a connected person of the Company notwithstanding of its interest in the NewCo. As long as the NewCo continues to remain as an insignificant subsidiary, any transaction carried out between the Company (or its subsidiaries) with ODAG will not constitute a connected transaction or a continuing connected transaction under Chapter 14A of the Listing Rules. If the NewCo ceases to be an insignificant subsidiary in the future, ODAG will become a connected person of the Company and as a result, all transactions carried out between the Company (or its

subsidiaries) with ODAG will become connected transactions or continuing connected transactions (as the case may be). In such case, the Company will comply with all applicable requirements of the Listing Rules and make further announcement(s) (if necessary) as and when appropriate in accordance with the Listing Rules. The Company will make further assessment at the time when any transaction is made between any member of the Group and ODAG, in particularly, when (a) the Distribution Agreement and the Davidoff Shop Agreement are entered into; (b) the Cigars and Accessories are purchased by the NewCo from ODAG; and (c) the exercise of the Put Option or the Call Option (as the case may be).

DEFINITIONS

"Accessories"	smoker's accessories with reference to any one of the Davidoff Trademarks or other brands, trade names, logos and trademarks owned by or exclusively licensed to ODAG, which are supplied by ODAG to the NewCo under the Distribution Agreement
"Board"	the board of Directors
"Businesses"	the businesses intended to be carried on by the NewCo, namely (a) the trading of the Cigars by buying from ODAG and reselling all of them to the STMA and/or its local branches; (b) the trading of the Accessories by importing from ODAG and reselling all of them to Ding Sheng; and (c) giving recommendation to ODAG on the candidates of the Local Partners in the Territory
"Call Option"	the call option granted by the Company and CGL to ODAG under which ODAG has the right to buy the Option Securities from CGL and/or any member of the Group which hold the NewCo Shares
"Call Option Price"	the price payable for the Option Securities upon the exercise of the Call Option, which shall be subject to the Cap

"Cap"	the maximum capped amount to which the Call Option Price shall be subject to, which is US$1,503,000, representing the CGL Subscription Price
"CEOs"	means the Chief Executive Officer of ODAG and/or the Company (as the case may be)
"Cigars"	the cigars, cigarillos and pipe tobaccos with reference to any one of the Davidoff Trademarks or other brands, trade names, logos and trademarks owned by or exclusively licensed to ODAG, which are supplied by ODAG to the NewCo under the Distribution Agreement
"CGL"	Carnaby Group Limited, a private limited company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of the Company
"Company"	Sparkle Roll Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"continuing connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Davidoff Shop Agreement"	an agreement to be entered into between ODAG and Ding Sheng or the Local Partner for governing, among other matters, the management and opening of the Stores within the Territory and the use of the Davidoff Trademarks

"Davidoff Trademarks"	the brands, trade names, logos and trademarks of "Davidoff", "DAVIDOFF", "Davidoff of Geneva" and/or "Davidoff of Geneva since 1911" owned or exclusively licenced to ODAG
"Depositaire Agreement"	an agreement to be entered into between ODAG and the Local Partner for governing, among other matters, the use of the Davidoff Trademarks
"Ding Sheng"	Sparkle Roll Ding Sheng (Beijing) Trading Development Limited (耀萊鼎盛(北京)貿易發展有限公司), a company incorporated in the PRC, which is a wholly-owned subsidiary of the Company
"Director(s)"	the director(s) of the Company
"Distribution Agreement"	the distribution agreement in relation to the distribution of the Cigars and the Accessories to be entered into between ODAG and the NewCo after the formation of the NewCo
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	any person or company and its ultimate beneficial owner(s), to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, are third parties independent of the Company and its connected person
"Inside Information Provisions"	has the meaning ascribed to it under the Listing Rules
"insignificant subsidiary"	has the meaning ascribed to it under the Listing Rules

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Local Partner(s)"	appropriate third party partners as recommended by the NewCo and approved by ODAG in the Territory who will enter into a Depositaire Agreement or a Davidoff Shop Agreement so as to perform the terms of the Depositaire Agreement or Davidoff Shop Agreement for the purpose of operating the Stores (for those who enter into the Davidoff Shop Agreement with ODAG) or specialised sales area in their retail outlets (for those who enter the Depositaire Agreement with ODAG) with reference to the Davidoff Trademarks
"Macau"	the Macau Special Administrative Region of the PRC
"NewCo"	the joint venture company to be established by CGL and ODAG under the Shareholders' Agreement
"NewCo Shares"	the ordinary shares allotted and issued by the NewCo
"notifiable transaction"	has the meaning ascribed to it under the Listing Rules
"ODAG"	Oettinger Davidoff AG, a private limited company incorporated in Switzerland
"ODAG Group"	ODAG and its subsidiaries
"Option Securities"	all the NewCo Shares owned by CGL and/or any member of the Group at the time when the Put Option or the Call Option is exercised
"percentage ratio"	has the meaning ascribed to it under the Listing Rules

"PRC"	the People's Republic of China, which for the purpose of this announcement, excludes Hong Kong and Macau
"Put Option"	the put option granted by ODAG to the Company and CGL under which CGL and/or any member of the Group which holds the NewCo Shares has the right to sell to ODAG the Option Securities
"Put Option Price"	the price payable for the Option Securities upon the exercise of the Put Option
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	holders of the Shares
"Shareholders' Agreement"	the shareholders' agreement dated 30 September 2015 entered between the Company, CGL and ODAG in relation to the formation of the NewCo
"Shares"	share(s) of HK$0.002 each in the share capital of the Company
"STMA"	the State Tobacco Monopoly Administration of the PRC
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Stores"	boutique or shop-in-shop units located within the Territory under or with reference to any one of the Davidoff Trademarks
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Territory"	the non-duty free market in the PRC

"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"US$"	United States dollar(s), the lawful currency of the United States of America
"%"	per cent

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

Hong Kong, 2 October 2015

As at the date of this announcement, the Company has three executive Directors, three non-executive Directors and three independent non-executive Directors. The executive Directors are Mr. Tong Kai Lap, Mr. Zheng Hao Jiang and Mr. Zhao Xiao Dong. The non-executive Directors are Mr. Zhang Si Jian, Mr. Gao Yu and Mr. Qi Jian Wei. The independent non-executive Directors are Mr. Choy Sze Chung, Jojo, Mr. Lam Kwok Cheong and Mr. Lee Thomas Kang Bor.

In this announcement, US$ has been converted to HK$ at the rate of approximately US$1 = HK$7.8 for illustrative purpose only. No representation is made that any amounts in US$ or HK$ have been, could have been, or could be converted at the above rate or at any other rates or at all.