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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)**

# CONNECTED TRANSACTION
# ACQUISITION OF INTEREST IN SUBSIDIARIES

**Financial adviser to the Company**

AmCap
Ample Capital Limited
豐盛融資有限公司

Reference is made to the Company's announcement dated 15 March 2013 in relation to the Previous Disposal of the Sale Shares by SRFL to Mr. Shi Lei. The Previous Disposal was completed on 20 March 2013 and as at the date of this announcement, the Subject Company is owned as to 70% and 30% by SRFL and Mr. Shi Lei respectively. On 1 June 2013, SRFL as the Purchaser and Mr. Shi Lei as the Vendor have entered into the Agreement with the Subject Company pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, representing 30% of the issued share capital in the Subject Company at a Consideration of RMB72,000,000 (equivalent to approximately HK$91,440,000). The Consideration payable by SRFL pursuant to the Agreement represents a 20% discount to the consideration of RMB90,000,000 (equivalent to approximately HK$114,300,000) payable by Mr. Shi Lei under the Previous Disposal.

* *for identification purpose only*

As at the date of this announcement, Mr. Shi Lei holds a 30% interest in the Subject Company which is a non-wholly owned subsidiary of the Company. As Mr. Shi Lei is a substantial shareholder (as defined in the Listing Rules) of a non-wholly owned subsidiary of the Company, he is a connected person of the Company. As the applicable percentage ratios are less than 5%, the Acquisition constitutes a connected transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirements pursuant to Rule 14A.32(1) of the Listing Rules. As none of the Directors has any material interest in the Acquisition, none of them had abstained from voting on the Board resolution approving the Agreement.

## INTRODUCTION

Reference is made to the Company's announcement dated 15 March 2013 in relation to the Previous Disposal of the Sale Shares by SRFL to Mr. Shi Lei. The Previous Disposal was completed on 20 March 2013 and as at the date of this announcement, the Subject Company is owned as to 70% and 30% by SRFL and Mr. Shi Lei respectively. On 1 June 2013, SRFL as the Purchaser and Mr. Shi Lei as the Vendor have entered into the Agreement with the Subject Company pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, representing 30% of the issued share capital in the Subject Company at a Consideration of RMB72,000,000 (equivalent to approximately HK$91,440,000). The Consideration payable by SRFL pursuant to the Agreement represents a 20% discount to the consideration of RMB90,000,000 (equivalent to approximately HK$114,300,000) payable by Mr. Shi Lei under the Previous Disposal.

## THE AGREEMENT

**Date**

1 June 2013

**Parties to the Agreement**

(i) SRFL, an indirect wholly-owned subsidiary of the Company, as the Purchaser;

(ii) Mr. Shi Lei as the Vendor; and

(iii) the Subject Company, as a confirming party.

As at the date of this announcement, Mr. Shi Lei holds a 30% interest in the Subject Company which is a non-wholly owned subsidiary of the Company. As Mr. Shi Lei is a substantial shareholder (as defined in the Listing Rules) of a non-wholly owned subsidiary of the Company, he is a connected person of the Company.

**Assets to be acquired**

Under the Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares free from all encumbrances and together with all rights and obligations attaching thereto. The Sale Shares represents 30% of the issued share capital of the Subject Company as of the date of this announcement.

**The Consideration**

The Consideration is RMB72,000,000 (equivalent to approximately HK$91,440,000) which shall be settled as follows:

(i) an amount of RMB45,000,000 (equivalent to approximately HK$57,150,000) which remains payable by Mr. Shi Lei on or before 31 December 2013 as part of the consideration under the Previous Disposal in accordance with the terms thereof, shall be used to partially offset the Consideration;

(ii) an amount of RMB12,000,000 (equivalent to approximately HK$15,240,000) shall be paid after the registration of the transfer of the Sale Shares from the Vendor to the Purchaser and on or before 30 September 2013 or such other date as agreed by the Purchaser and the Vendor; and

(iii) the remaining balance in the amount of RMB15,000,000 (equivalent to approximately HK$19,050,000) shall be paid after the registration of the transfer of the Sale Shares from the Vendor to the Purchaser and on or before 31 December 2013 or such other date as agreed by the Purchaser and the Vendor.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to (i) the consideration under the Previous Disposal of RMB90,000,000 (equivalent to approximately HK$114,300,000); and (ii) the unaudited consolidated net assets value of the Subject Company attributable to the Sale Shares as at 31 March 2013.

**Completion**

Subject to the Company and SRFL having (i) obtained all necessary authorisations and permissions (including those from the Stock Exchange) for the Acquisition and the transactions contemplated under the Agreement; and (ii) made the relevant disclosures pursuant to the Listing Rules, Completion shall take place within 7 days (or such other date as agreed by the Purchaser and the Vendor) from the date of release of the share charge and delivery of transfer documents in respect of the Sale Shares as described in the paragraph headed "Release of charge on 50% of the Sale Shares" below or any other date as mutually agreed by the parties. The Subject Company will become an indirect wholly-owned subsidiary of the Company upon Completion.

**Release of charge on 50% of the Sale Shares**

As at the date of this announcement, an amount of RMB45,000,000 (equivalent to approximately HK$57,150,000), representing 50% of the consideration payable under the Previous Disposal, remains owed by Mr. Shi Lei to SRFL in accordance with the terms of the Previous Disposal. To secure Mr. Shi Lei's obligation to pay SRFL the remaining balance of the consideration under the Previous Disposal, a charge on 50% of the Sale Shares (i.e. 15 shares in the issued share capital of the Subject Company) has been created in favour of SRFL pursuant to a security deed entered into by Mr. Shi Lei and SRFL. Pursuant to the terms of the Agreement, the aforementioned charge shall be released within 21 days from (i) the date of the Agreement; and (ii) if necessary, the date of the Company and SRFL obtaining the necessary authorisations and permissions as stated in the paragraph headed "Completion" above. Within the same period, Mr. Shi Lei shall deliver to SRFL the duly signed transfer documents and share certificate in respect of the Sale Shares.

## INFORMATION ON THE SUBJECT GROUP

### The Subject Group

The Subject Company is a company incorporated in the Federal Territory of Labuan, Malaysia on 29 September 2010. As at the date of this announcement, the Subject Company is an indirect 70% owned subsidiary of the Company. The principal business of the Subject Company is investment holding (i.e. holding company of TJHY and TJXC) and it is not engaged in any active business activities. TJHY is a company established in the PRC on 28 September 2010. As at the date of this announcement, TJHY is beneficially wholly-owned by the Subject Company. TJHY is principally engaged in trading of luxury automobiles in Tianjin, the PRC. TJXC is a company established in the PRC on 30 March 2010. As at the date of this announcement, TJXC is beneficially wholly-owned by the Subject Company. TJXC is principally engaged in trading of luxury automobiles in Tianjin, the PRC.

Certain summary key financial information of the Subject Company as extracted from (i) its unaudited consolidated management account for the year ended 31 March 2013; and (ii) audited account for the year ended 31 March 2012 is set out below:

| | **For the year ended 31 March 2012** | **For the year ended 31 March 2013** |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| | (audited) | (unaudited) |
| Revenue | – | 664,429 |
| Net profits/(loss) before tax | (217) | 984 |
| Net profits/(loss) after tax | (266) | 767 |
| Net assets (as at period end) | 1,388 | 71,091 |

*Note: As the Subject Company acquired its beneficial interest in TJHY and TJXC through intra-group arrangements within the Group on 26 July 2012, TJHY and TJXC were not reflected in the Subject Company's audited accounts for the year ended 31 March 2012.*

## INFORMATION ON THE GROUP

The Group is principally engaged in trading of luxury automobiles, watches and jewellery in the PRC and trading of fine wines in the PRC, Hong Kong and Macau.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

After completion of the Previous Disposal, it has come to the Board's attention that Mr. Shi Lei holds a different view on the outlook of the Subject Group's business. As a 30% owner of the Subject Company, Mr. Shi Lei can exert influence on the daily operations of the Subject Group. In view of the aforementioned situation and with the aim of maintaining the Subject Group's smooth business operations and the Group's relationship with the automobile manufacturers, the Board had entered into discussions with Mr. Shi Lei regarding the buy-back of the Sale Shares which culminated in the entering of the Agreement. Pursuant to the Agreement, the Consideration of RMB72,000,000 (equivalent to approximately HK$91,440,000) payable by SRFL to Mr. Shi Lei represents a 20% discount to the consideration of RMB90,000,000 (equivalent to approximately HK$114,300,000) payable by Mr. Shi Lei to SRFL pursuant to the Previous Disposal. The Directors believe that the Acquisition would not have any significant impact to the cash flow of the Group for development of its non-automobile businesses.

Given the above, the Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## FINANCIAL IMPACT OF THE ACQUISITION

The Acquisition is a transaction between the Group and Mr. Shi Lei, the equity owner of the 30% non-controlling interest of the Subject Company which resulted in no change in control of the Subject Group. The difference between the Consideration of RMB72,000,000 (equivalent to approximately HK$91,440,000) over the carrying amount of the 30% share of consolidated net assets of the Subject Group as at the date of Completion will be recorded in equity, thus be debited directly to a reserve account in the consolidated statement of financial position of the Group as at the date of Completion in the current financial year ending 31 March 2014.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Shi Lei holds a 30% interest in the Subject Company which is a non-wholly owned subsidiary of the Company. As Mr. Shi Lei is a substantial shareholder (as defined in the Listing Rules) of a non-wholly owned subsidiary of the Company, he is a connected person of the Company. As the applicable percentage ratios are less than 5%, the Acquisition constitutes a connected transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirements pursuant to Rule 14A.32(1) of the Listing Rules. As none of the Directors has any material interest in the Acquisition, none of them had abstained from voting on the Board resolution approving the Agreement.

## DEFINITIONS

| | |
|---|---|
| "Acquisition" | the acquisition of a 30% interest in the Subject Company by the Purchaser from the Vendor pursuant to the Agreement |
| "Agreement" | the sale and purchase agreement dated 1 June 2013 entered into by the Vendor, the Purchaser and the Subject Company in relation to the Acquisition |
| "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 main board of the Stock Exchange |
| "Completion" | completion of the Acquisition |
| "Consideration" | the consideration of the Acquisition in the amount of RMB72,000,000 (equivalent to approximately HK$91,440,000) |
| "connected person" | has the meaning ascribed to it under the Listing Rules |

| | |
|---|---|
| "Director(s)" | the director(s) of the Company |
| "Group" | the Company and its subsidiaries |
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange |
| "Mr. Shi Lei" or "Vendor" | Mr. Shi Lei（石磊）, being the Vendor to the Acquisition and a connected person of the Company |
| "PRC" | the People's Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan |
| "Previous Disposal" | the previous disposal of the Sale Shares by SRFL to Mr. Shi Lei pursuant to a sale and purchase agreement dated 15 March 2013 as announced by the Company on the same date |
| "Sale Shares" | 30 ordinary shares in the issued share capital of the Subject Company, representing 30% of its issued share capital, being the subject matter of the Acquisition |
| "Shareholder(s)" | holders of the Shares |
| "Share(s)" | share(s) of HK$0.002 each in the share capital of the Company |
| "SRFL" or "Purchaser" | Sparkle Roll (France) Limited, an indirect wholly-owned subsidiary of the Company being the Purchaser to the Acquisition |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Subject Company" | Sparkle Roll Brands Market Management Limited, a company incorporated in the Federal Territory of Labuan, Malaysia on 29 September 2010 and as at the date of this announcement, it is owned as to 70% and 30% by SRFL and Mr. Shi Lei respectively |

| | |
|---|---|
| "Subject Group" | collectively, the Subject Company, TJHY and TJXC |
| "TJHY" | 天津恒盈泰富貿易發展有限公司 (Tianjin Heng Ying Tai Fu Trading Development Co. Ltd.*), a company established in the PRC on 28 September 2010 and is beneficially wholly-owned by the Subject Company |
| "TJXC" | 天津信昌泰富貿易發展有限公司 (Tianjin Xin Chang Tai Fu Trading Development Co. Ltd.*), a company established in the PRC on 30 March 2010 and is beneficially wholly-owned by the Subject Company |
| "HK$" | Hong Kong dollar(s), the lawful currency of Hong Kong |
| "RMB" | Renminbi Yuan, the lawful currency of the PRC |
| "%" | per cent |

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

Hong Kong, 3 June 2013

*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, RMB has been converted to HK$ at the rate of approximately RMB1 = HK$1.27 for illustration purpose only. No representation is made that any amounts in RMB or HK$ have been, could have been, or could be converted at the above rate or at any other rates or at all.*

* *for identification purpose only*