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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
ENTERING INTO THE JOINT VENTURE AGREEMENT

Financial adviser to the Company

AmCap
Ample Capital Limited
豐盛融資有限公司

THE JOINT VENTURE AGREEMENT

The Board is pleased to announce that on 29 January 2013, the Company and Mr. Qi entered into the Joint Venture Agreement.

Pursuant to the Joint Venture Agreement, the registered capital of the JV Company will be increased from RMB25,500,000 (equivalent to approximately HK$31,875,000) to RMB50,000,000 (equivalent to approximately HK$62,500,000) within three months from the date of the Joint Venture Agreement. Such increase of the registered capital of RMB24,500,000 (equivalent to approximately HK$30,625,000) of the JV Company will be contributed by Mr. Qi by cash. As at the date of this announcement, the registered capital of the JV Company is RMB25,500,000 (equivalent to approximately HK$31,875,000) which was solely contributed by the Company (through four of its wholly owned subsidiaries, collectively, the "**Company's Subsidiaries**"). Immediately after completion of the Capital Injection, the equity interests of the JV Company will be held as to 51% by the Company's Subsidiaries and 49% by Mr. Qi, respectively. The JV Company will become a joint venture company and will remain an indirect non-wholly owned subsidiary of the Company.

* *for identification purpose only*

THE RETAILER AGREEMENT

Shortly after the execution of the Joint Venture Agreement, the JV Company has entered into the Retailer Agreement with B&O Shanghai with respect to the operations of the Business which will be the principal business to be taken up by the JV Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Qi has an interest in 848,400,000 Shares, representing approximately 28.47% of the Company's issued share capital, and in turn is a substantial Shareholder (as defined under the Listing Rules) and is therefore a connected person of the Company. Accordingly, the transaction (i.e. the Capital Injection) contemplated under the Joint Venture Agreement entered into between the Company and Mr. Qi constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Completion of the Capital Injection pursuant to the Joint Venture Agreement will reduce the equity interests in the JV Company held indirectly by the Company from 100% to 51%. This reduction of percentage equity interests represents a deemed disposal of the Company under the Listing Rules. As one of the applicable percentage ratios for the Capital Injection exceeds 0.1% but is less than 5%, the transaction contemplated under the Joint Venture Agreement is subject to the reporting and announcement requirements but is exempt from independent Shareholders' approval under Rule 14A.32(1) of the Listing Rules.

THE JOINT VENTURE AGREEMENT

Date

29 January 2013

Parties to the Joint Venture Agreement

(i) the Company; and

(ii) Mr. Qi.

Principal terms of the Joint Venture Agreement

A summary of the principal terms and conditions of the Joint Venture Agreement is set out below:

Purpose and scope of business	:	The JV Company has been formed for the purpose of operating the Business in certain designated territories in the PRC and its scope of business will be the distributorship of and the wholesale and retail of audio and visual consumer electronics products brand (detailed specification shall be subject to the approval of the relevant industry and commerce registration department).
The Capital Injection	:	As at the date of this announcement, the registered capital of the JV Company is RMB25,500,000 (equivalent to approximately HK$31,875,000) which was solely contributed by the Company's Subsidiaries. Pursuant to the Joint Venture Agreement, the registered capital of the JV Company will be increased from RMB25,500,000 (equivalent to approximately HK$31,875,000) to RMB50,000,000 (equivalent to approximately HK$62,500,000) within three months from the date of the Joint Venture Agreement. Such increase of the registered capital of RMB24,500,000 (equivalent to approximately HK$30,625,000) of the JV Company will be contributed by Mr. Qi by cash. The amount of the Capital Injection was based on normal commercial terms and determined after arm's length negotiations between the Company and Mr. Qi with reference to, among other things, (i) existing paid up registered capital of the JV Company of RMB25,500,000 (equivalent to approximately HK$31,875,000); and (ii) the unaudited net assets of approximately RMB28,050,000 (equivalent to approximately HK$35,063,000) as at 25 January 2013.

		Immediately after completion of the Capital Injection, the equity interests of the JV Company will be owned as to 51% by the Company's Subsidiaries and 49% by Mr. Qi, respectively. The JV Company will become a joint venture company and will remain an indirect non-wholly owned subsidiary of the Company.
Timing of the Capital Injection	:	Pursuant to the Joint Venture Agreement, Mr. Qi agrees and undertakes that within one month after the signing of the Joint Venture Agreement, Mr. Qi will commence the Capital Injection. Upon completion of the approval/registration procedures relating to Capital Injection, Mr. Qi shall pay up the Capital Injection amount in full within fourteen working days after he becomes a shareholder of the JV Company (i.e. the JV Company obtaining the revised business license after completion of the Capital Injection).
Terms of operation	:	The JV Company shall cease to operate after twenty years from its date of establishment.
Board composition	:	The majority members of the board of directors of the JV Company shall be appointed by the Company in any event. The JV Company shall initially have a board of directors comprised of three directors, the Company shall appoint two directors while Mr. Qi shall appoint the remaining director onto the board of directors of the JV Company.
Supervisor	:	The JV Company shall have one supervisor which shall be appointed by the Company.
Right of first refusal	:	Any transfer of Shares in the JV Company held by Mr. Qi shall be subject to the first refusal whereby Mr. Qi shall first offer such number of Shares proposed to be transferred to the other Shareholders in accordance with the Joint Venture Agreement.

The following table summarizes the shareholding structure of the JV Company before and after the Capital Injection:

Shareholders	Capital contribution amount paid before the Capital Injection	Capital Injection amount	Method of the Capital Injection	Accumulated capital contribution amount after the Capital Injection	Equity interest before the completion of the Capital Injection	Equity interest after the completion of the Capital Injection
The Company's Subsidiaries	RMB25,500,000 (equivalent to approximately HK$31,875,000)	Nil	Not Applicable	RMB25,500,000 (equivalent to approximately HK$31,875,000)	100%	51%
Mr. Qi	Nil	RMB24,500,000 (equivalent to approximately HK$30,625,000)	Cash	RMB24,500,000 (equivalent to approximately HK$30,625,000)	Nil	49%

For illustrative purposes only, it is expected that the loss arising from the Capital Injection is approximately RMB1.25 million (equivalent to approximately HK$1.56 million), representing the difference between the Group's 100% interest in the JV Company's unaudited net assets as at 25 January 2013 before the Capital Injection and the Group's 51% interest in the JV Company's estimated net assets as enlarged by the Capital Injection. The amount of the actual gain or loss arising from the Capital Injection will be determined upon completion of the Capital Injection and after the deduction of the related expenses incurred, and will be subject to final audit.

The intended application of the amount of Capital Injection is to meet the capital needs for the development and operation of the Business of the JV Company.

THE JV COMPANY

The JV Company is a limited liability company established in the PRC on 22 May 2008. As at the date of this announcement, the JV Company is an indirect wholly owned subsidiary of the Company which is not engaged in any active business activity. For the year ended 31 December 2011, the JV Company recorded unaudited net profit before tax of approximately RMB2,668,000 (equivalent to approximately HK$3,335,000) and unaudited net profit after tax of approximately RMB2,597,000 (equivalent to approximately HK$3,246,000). For the year ended 31 December 2012, the JV Company recorded unaudited net loss before and after tax of approximately RMB47,000 (equivalent to approximately HK$59,000). The JV Company had unaudited net assets of approximately RMB2,580,000 (equivalent to approximately HK$3,225,000) as at 31 December 2012.

THE RETAILER AGREEMENT

Shortly after the execution of the Joint Venture Agreement, the JV Company has entered into the Retailer Agreement with B&O Shanghai with respect to the operations of the Business which will be the principal business to be taken up by the JV Company. Pursuant to the Retailer Agreement, the JV Company has been appointed by B&O Shanghai as (i) the non-exclusive retailer of the Bang & Olufsen branded audio and visual consumer electronics products in Wuhan, Wuxi and Chongqing, the PRC; (ii) the non-exclusive retailer of the B&O PLAY branded audio and visual consumer electronics products in the PRC; (iii) the non-exclusive distributor of the B&O PLAY branded audio and visual consumer electronics products to third parties resellers in the PRC; and (iv) the non-exclusive retailer and/or distributor of the B&O PLAY branded audio and visual consumer electronics products through online shop(s) in the PRC. The JV Company is expected to open three B1 stores and more than fifty dedicated B&O PLAY stores in 2013 in the PRC. The dedicated B&O PLAY stores will be smaller than traditional B1 stores and will be located in high-traffic locations such as shop-in-shops in luxury shopping malls or department stores in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable inquiries, other than the facts that: (i) Mr. Qi is a connected person of the Company; and (ii) Mr. Qi has an indirect interest of 6.12% in Bang & Olufsen and as a result of which Bang & Olufsen does not constitute an associate (as defined under the Listing Rules) of Mr. Qi, B&O Shanghai and its respective ultimate beneficial owners are parties independent of the Company and its connected persons. The above transactions contemplated under the Retailer Agreement will be of a revenue nature in the ordinary and usual course of business of the JV Company and thus do not constitute notifiable transactions in accordance with Rule 14.04(1)(g) of the Listing Rules.

INFORMATION OF 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 JOINT VENTURE AGREEMENT

As disclosed in the Company's Interim Report, the Group's revenue decreased from approximately HK$2.087 billion during the six months ended 30 September 2011 to approximately HK$1.541 billion during the six months ended 30 September 2012, representing a decrease of approximately 26.2%. Furthermore, the Group's net profit decreased from approximately HK$111.6 million recorded during the six months ended 30 September 2011 to approximately HK$59.9 million in the six months ended 30 September 2012, representing an approximately 46.3% decrease. In view of the above, the Directors consider that it is beneficial for the Group to explore new business opportunities which are outside of the Group's traditional business segments but in line with the Group's principal theme in sales and distribution of luxury and high end consumer goods. As stated in the Interim Report, with the PRC expected to become the world's largest luxury goods market and playing a more prominent role in the global luxury market, the Directors will continue to steer the Group to the consumer discretionary sector and hope to expand the Group's non-automobile business segments in the PRC. To that end, the Directors have identified the Business which the Directors view as a business segment with promising prospects. Since the individual customers of the Group's existing principal business in luxury automobiles are predominantly males with high spending power, the Directors consider that the Business may create synergies with the Group's existing business segments as the end products in the Business are also perceived to have the same target customer group and market positioning.

Given the above, the Directors (including the independent non-executive Directors) consider that the terms of the transaction contemplated under the Joint Venture Agreement 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 at the date of this announcement, Mr. Qi has an interest in 848,400,000 Shares, representing approximately 28.47% of the Company's issued share capital, and in turn is a substantial Shareholder (as defined under the Listing Rules) and is therefore a connected person of the Company. Accordingly, the transaction (i.e. the Capital Injection) contemplated under the Joint Venture Agreement entered into between the Company and Mr. Qi constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Completion of

the Capital Injection pursuant to the Joint Venture Agreement will reduce the equity interests in the JV Company held indirectly by the Company from 100% to 51%. This reduction of percentage equity interests represents a deemed disposal of the Company under the Listing Rules. As one of the applicable percentage ratios for the Capital Injection exceeds 0.1% but is less than 5%, the transaction contemplated under the Joint Venture Agreement is subject to the reporting and announcement requirements but is exempt from independent Shareholders' approval under Rule 14A.32(1) of the Listing Rules.

Mr. Qi Jian Wei, a non-executive Director and a brother of Mr. Qi, is deemed to have a material interest in the Joint Venture Agreement and has accordingly abstained from voting on the relevant resolution of the Board in relation to the Joint Venture Agreement. Save for the above, none of the Directors have a material interest in the Joint Venture Agreement and accordingly, none of the Directors is required to abstain from voting on the relevant resolution of the Board in relation to the Joint Venture Agreement.

DEFINITIONS

"B&O Shanghai"	Bang & Olufsen Trading (Shanghai) Ltd., a company incorporated in the PRC with limited liability and an indirect wholly owned subsidiary of Bang & Olufsen
"Bang & Olufsen"	Bang & Olufsen a/s, a company established in Denmark whose shares are listed on NASDAQ OMX Copenhagen A/S
"Board"	the Board of Directors
"Business"	the sales and distribution of audio and visual consumer electronics products under the Bang & Olufsen and B&O PLAY brand names in certain designated territories in the PRC pursuant to the Retailer Agreement
"Capital Injection"	the proposed injection of RMB24,500,000 (equivalent to approximately HK$30,625,000) into the registered capital of the JV Company by Mr. Qi pursuant to the Joint Venture Agreement

"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"	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
"Interim Report"	the interim report of the Company for the six months ended 30 September 2012
"Joint Venture Agreement"	the joint venture agreement dated 29 January 2013 entered into between the Company and Mr. Qi
"JV Company"	衡准咨詢(北京)有限公司 (Hengzhunzixun (Beijing) Company Limited*), to be renamed to 衡准寶聲(北京)貿易發展有限公司 (Balanorm Beo (Beijing) Trading Development Limited*) shortly, a limited liability company established in the PRC on 22 May 2008 and is an indirect wholly owned subsidiary of the Company as at the date of this announcement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	the Macau Special Administrative Region of the PRC
"Mr. Qi"	Mr. Qi Jian Hong (綦建虹) alias Mr. Kei Kin Hung, a substantial Shareholder interested in an aggregate of 848,400,000 Shares, representing approximately 28.47% of the Company's issued share capital and a connected person of the Company

* *for identification purpose only*

"PRC"	the People's Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
"Retailer Agreement"	the retailer agreement dated 29 January 2013 entered into between the JV Company and B&O Shanghai
"Shareholder(s)"	holder(s) of the Shares
"Share(s)"	share(s) of HK$0.002 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$"	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, 29 January 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$1.25 for illustration purpose only. No representation is made that any amounts in RMB or HK$ have been, could have been, or could be converted at the above rate or at any other rates or at all.