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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 FRAMEWORK AGREEMENT IN RELATION TO 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.

The Board is pleased to announce that on 21 January 2015 (after the trading hours), the Company and ODAG entered into the Framework Agreement.

THE FRAMEWORK AGREEMENT

Pursuant to the Framework Agreement, the Company and ODAG have agreed that, after the signing of the Framework Agreement, the Company shall arrange the JV Company to be formed to carry out the Business in the Territory. The Framework Agreement sets out the agreed framework in relation to the JV Company. Pursuant to the terms of the Framework Agreement, the parties thereto shall use their best endeavours to discuss and agree on the detailed commercial terms for the JV Company with a view to sign the Definitive Agreement on or before 31 May 2015.

Upon its establishment, the JV Company shall be owned as to 50.1% and 49.9% by the Company and ODAG respectively. After the signing of the Definitive Agreement, the Company and ODAG shall contribute US$1,503,000 (equivalent to approximately HK$11,723,000) and US$1,497,000 (equivalent to approximately HK$11,677,000) respectively into the share capital of the JV Company by way of subscription of shares.

POSSIBLE CALL OPTION AND POSSIBLE PUT OPTION

As per the Framework Agreement, it is envisaged that (i) the Possible Call Option will be granted by the Company such that ODAG shall be entitled to exercise the Possible Call Option which gives ODAG the right to buy (and a corresponding obligation on the Company to sell) all of the shares in the JV Company held by the Company; and (ii) the Possible Put Option will be granted to the Company such that the Company shall be entitled to exercise the Possible Put Option which gives the Company the right to sell (and a corresponding obligation on ODAG to buy) all of its shares in the JV Company. Detailed terms and mechanism of the grant and exercise of the Possible Call Option and Possible Put Option, which shall become exercisable after the end of the initial 3-year term of the JV Company, shall be negotiated and agreed between the parties in the Definitive Agreement.

POSSIBLE CONTINUING CONNECTED TRANSACTIONS

Although not part of the terms of the Framework Agreement, the parties thereto currently envisage that in the operation of the Business, the Possible Continuing Connected Transactions will be conducted under which (a) trademark licences for the use of the Davidoff brand and other various brands owned by the ODAG Group will be granted to the JV Company; and (b) ODAG will sell certain cigars and smoker's accessories products to the JV Company. Since ODAG is expected to become a substantial shareholder (as defined in the Listing Rules) of the JV Company (which will become a non-wholly owned subsidiary of the Company), ODAG is expected to become a connected person of the Company at the subsidiary level upon the establishment of the JV Company. Accordingly, recurring transaction(s) (including the Possible Continuing Connected Transactions) between ODAG and the Group (including the JV Company) will become continuing connected transaction(s) on the part of the Company. Detailed terms of the Possible Continuing Connected Transactions will be agreed in the Definitive Agreement.

LISTING RULES IMPLICATIONS

As none of the applicable percentage ratios for the transactions contemplated under the Framework Agreement exceed 5%, the transactions contemplated thereunder does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

The Possible Call Option, the Possible Put Option and the Possible Continuing Connected Transactions, if materialized in the Definitive Agreement, may constitute notifiable transactions, connected transactions and/or continuing connected transactions under Chapters 14 and 14A of the Listing Rules. The Company will comply with all applicable requirements of the Listing Rules and further announcement(s) will be made by the Company as and when appropriate.

The commencement of the operations of the JV Company is subject to further negotiations by the parties to the Framework Agreement and the entering into of the Definitive Agreement. Accordingly, the operations of the JV Company may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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.

The Board is pleased to announce that on 21 January 2015 (after the trading hours), the Company and ODAG entered into the Framework Agreement.

THE FRAMEWORK AGREEMENT

Date

21 January 2015 (after the trading hours)

Parties to the Framework Agreement

(i) the Company; and

(ii) ODAG.

To the best of the Directors' information, knowledge and belief having made all reasonable enquiries, as at the date of this announcement, ODAG and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Formation of the JV Company

Pursuant to the Framework Agreement, the Company and ODAG have agreed that, after the signing of the Framework Agreement, the Company shall arrange the JV Company to be formed to carry out the Business in the Territory. The Framework Agreement sets out the agreed framework in relation to the JV Company. Pursuant to the terms of the Framework Agreement, the parties thereto shall use their best endeavours to discuss and agree on the detailed commercial terms for the JV Company with a view to sign the Definitive Agreement on or before 31 May 2015.

Principal terms of the Framework Agreement

Subject to the actual terms and conditions to be agreed in the Definitive Agreement, it is envisaged that the JV Company shall operate under the framework as set out under the Framework Agreement, a summary of which is set out below:

Purpose and scope of business	:	The JV Company shall be formed for the purpose of operating the Business in the Territory.
Shareholding of the JV Company and capital contribution by the parties	:	Upon its establishment, the JV Company shall be owned as to 50.1% and 49.9% by the Company and ODAG respectively. After the signing of the Definitive Agreement, the Company and ODAG shall contribute US$1,503,000 (equivalent to approximately HK$11,723,000) and US$1,497,000 (equivalent to approximately HK$11,677,000) respectively into the share capital of the JV Company by way of subscription of shares.
Other terms relating to shareholding of the JV Company	:	No new shares (or any rights, options, warrants or any other agreement or arrangement creating a right to subscribe for new shares) in the JV Company will be granted to any third party unless with the prior written consent of both the Company and ODAG. ODAG shall have the sole discretion to invite one of its business partners (or the associated companies of such business partner) to participate in the JV Company by acquiring from ODAG shares in the JV Company. Such new shareholder of the JV Company shall have a minority interest to be determined by ODAG at its sole discretion, which shall be transferred from ODAG provided that the shareholding of ODAG shall not be less than such new shareholder after the transfer.
Term of operation	:	The initial term of the JV Company shall be three years commencing from the date of the Definitive Agreement. Where the parties thereto agree, the term of the JV Company can be renewed and extended for another three years on substantially the same terms and conditions under the Definitive Agreement after the expiration of the initial term.

Composition of the board of directors of the JV Company	:	The JV Company shall have a board of directors comprised of five directors. The Company shall be entitled to appoint three directors while ODAG shall be entitled to appoint the remaining two directors into the board of directors of the JV Company.
Supervisory committee	:	In addition to the JV Company's board of directors, a supervisory committee of the JV Company will be formed for the purpose of generally overseeing and ensuring the proper functioning and maintenance of corporate governance of the JV Company's board of directors, but without any power or duty to participate in or interfere into the day-to-day management affairs of the JV Company. The supervisory committee will consist of four members, with two to be nominated by each of the Company and ODAG.
Dividend	:	All distribution of dividend shall be declared and approved by the shareholders of the JV Company in the general meeting with the affirmative votes from the Company and ODAG, and no interim dividend shall be declared by the board of directors of the JV Company.

The JV Company will be treated as a subsidiary within the Group and the accounts of the JV Company will be consolidated into the financial statements of the Group.

Operations of the JV Company

It is expected that the actual operations of the Business by the JV Company will only commence after the entering into of the Definitive Agreement.

Pursuant to the terms of the Framework Agreement, the following decisions relating to the JV Company shall be approved by the board of directors of the JV Company with affirmative votes from at least one director of the JV Company nominated by the Company and one director of the JV Company nominated by ODAG.

(i) the hiring, dismissal or replacement of key employees who is entitled to annual remuneration of more than HK$3,500,000 or any alterations thereto;

(ii) 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;

(iii) the commencement or settlement of any litigation, arbitration or governmental proceedings, other than those made in the ordinary course of business;

(iv) the entering into by any member of the JV Company and its subsidiaries of any agreement, contract or commitment involving a total commitment or potential commitment in any one year in excess of HK$6,000,000;

(v) the approval of and/or amendment to any agreement, or contract of any kind entered into between the JV Company and any of its directors or its shareholders which is not a bona fide transaction made with reference to the terms of a similar transaction(s) which would have been carried out with an arbitrary third party in the market;

(vi) the giving of any guarantee, indemnity or security in respect of the obligations of any other person (other than the JV Company, any subsidiary of the JV Company and the JV Company's fellow subsidiary); and

(vii) appointment of any attorney-at-law (such attorney to be independent from the shareholders of the JV Company).

As the owner of the Davidoff brand and other various brands owned by the ODAG Group, ODAG shall, through its affiliate company, be responsible for the strategic and operational supervision over the Davidoff cigar and smoker's accessories brands in the Territory, and the brand positioning and brand management shall follow the guidance of ODAG.

The Company shall, through its wholly-owned subsidiary established under the laws of the PRC, be responsible for (i) communicating with the STMA and the relevant regional monopolies; and (ii) conducting quota negotiations with STMA.

Further detailed terms in relation the operations of the JV Company will be set out in the Definitive Agreement.

Possible Call Option and Possible Put Option

As per the Framework Agreement, it is envisaged that (i) the Possible Call Option will be granted by the Company such that ODAG shall be entitled to exercise the Possible Call Option which gives ODAG the right to buy (and a corresponding obligation on the Company to sell) all of the shares in the JV Company held by the Company; and (ii) the Possible Put Option will be granted to the Company such that the Company shall be entitled to exercise the Possible Put Option which gives the Company the right to sell (and a corresponding obligation on ODAG to buy) all of its shares in the JV Company. Detailed terms and mechanism of the grant and exercise of the Possible Call Option and Possible Put Option, which shall become exercisable after the end of the initial 3-year term of the JV Company, shall be negotiated and agreed between the parties in the Definitive Agreement.

Right of first refusal

In case of any proposed transfer or disposal of rights or interest in any shares in the JV Company (except for the possible transfer as mentioned under the sub-paragraph headed "Other terms relating to shareholding of the JV Company" in the paragraph headed "Principle terms of the Framework Agreement" in this announcement), the other party of the Framework Agreement will have a right of first refusal to acquire the relevant shares in the JV Company from the selling party at the same price and on substantially the same terms under the offer made by a proposed transferee which offer shall be a bona fide offer that would have been made by an arbitrary and independent third party in the market. Detailed terms and mechanism relating to the grant and exercise of the above right of first refusal will be negotiated and agreed between ODAG and the Company in the Definitive Agreement.

POSSIBLE CONTINUING CONNECTED TRANSACTIONS

Although not part of the terms of the Framework Agreement, the parties thereto currently envisage that in the operation of the Business, the Possible Continuing Connected Transactions will be conducted under which (a) trademark licences for the use of the Davidoff brand and other various brands owned by the ODAG Group will be granted to the JV Company; and (b) ODAG will sell certain cigars and smoker's accessories products to the JV Company. Since ODAG is expected to become a substantial shareholder (as defined in the Listing Rules) of the JV Company (which will become a non-wholly owned subsidiary of the Company), ODAG is expected to become a connected person of the Company at the subsidiary level upon the establishment of the JV Company. Accordingly, recurring transaction(s) (including the Possible Continuing Connected Transactions) between ODAG and the Group (including the JV Company) will become continuing connected transaction(s) on the part of the Company. Detailed terms of the Possible Continuing Connected Transactions will be agreed in the Definitive Agreement.

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.

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 THE JOINT VENTURE AGREEMENT

As disclosed in the Company's interim report for the six months ended 30 September 2014, the Group will continue to adopt a prudent approach to increase the Group's presence and expand the Group's luxury goods market in the PRC. The Group is committed to expand the non-auto business to diversify its product portfolio so as to bring profitable returns to its shareholders in the future. The Group is still moving towards the consumer discretionary direction. 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 luxury and high end consumer goods. 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 consider that the terms of the Framework 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 none of the applicable percentage ratios for the transactions contemplated under the Framework Agreement exceed 5%, the transactions contemplated thereunder does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

The Possible Call Option, the Possible Put Option and the Possible Continuing Connected Transactions, if materialized in the Definitive Agreement, may constitute notifiable transactions, connected transactions and/or continuing connected transactions under Chapters 14 and 14A of the Listing Rules. The Company will comply with all applicable requirements of the Listing Rules and further announcement(s) will be made by the Company as and when appropriate.

The commencement of the operations of the JV Company is subject to further negotiations by the parties to the Framework Agreement and the entering into of the Definitive Agreement. Accordingly, the operations of the JV Company may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

"Board"	the board of Directors
"Business"	the retail business for the import and distribution of ODAG's cigars and smoker's accessories in the Territory
"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
"Definitive Agreement"	the definitive agreement envisaged to be entered into between the Company and ODAG on or before 31 May 2015, setting out the detailed commercial terms for the operation of JV Company
"Director(s)"	the director(s) of the Company
"Framework Agreement"	the framework agreement dated 21 January 2015 entered into between the Company and ODAG setting out the agreed framework in relation to the JV Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Inside Information Provisions"	has the meaning ascribed to it under the Listing Rules
"JV Company"	a company to be incorporated under the laws of Hong Kong pursuant to the Framework Agreement to develop the Business

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	the Macau Special Administrative Region of the PRC
"ODAG"	Oettinger Davidoff AG, a private limited company incorporated in Switzerland
"ODAG Group"	ODAG and its subsidiaries
"Possible Call Option"	the possible call option to be granted to ODAG in respect of the shares in the JV Company to be held by the Company
"Possible Continuing Connected Transactions"	the proposed grant of the trademark licences for the use of the Davidoff brand and other various brands owned by the ODAG Group to the JV Company; and the proposed sale of certain cigars and smoker's accessories products by ODAG to the JV Company
"Possible Put Option"	the possible put option to be granted to the Company in respect of the shares in the JV Company to be held by the Company
"PRC"	the People's Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	holders of the Shares
"Share(s)"	share(s) of HK$0.002 each in the share capital of the Company
"STMA"	the State Tobacco Monopoly Administration under the Ministry of Industry and Information Technology of the PRC

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Territory"	the non-duty free market in the PRC (excluding Hong Kong and Macau)
"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, 21 January 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.

* *for identification purpose only*