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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)**

### **CONTINUING CONNECTED TRANSACTION**

To facilitate the Group's expansion of its business in the distribution of luxury goods in the PRC, SROBJ and SRXTD, two indirect wholly owned subsidiaries of the Company, and Beijing SYTS have on 5 May 2010 entered into the RMO Agreement in respect of the provision of office rental, management services and office expenses by Beijing SYTS to SROBJ and SRXTD in connection with an additional space of approximately 300m<sup>2</sup> at the Property. The duration of the RMO Agreement is for the period from 1 May 2010 to 31 December 2010. The monthly expenses arising out of the RMO Agreement would be RMB75,000 (equivalent to approximately HK\$85,300) per month which is to be paid in advance out of the Group's internal resource.

In respect of the RMO Agreement, the Directors propose a cap for the period ending 31 December 2010 of RMB600,000 (equivalent to approximately HK\$682,400). The proposed cap was determined with reference to the monthly fee payable under the RMO Agreement.

Mr. Qi is the sole shareholder of SRHL, a substantial shareholder. Accordingly, Beijing SYTS, a company controlled by Mr. Qi, a Connected Person of the Company. The RMO Agreement therefore constitutes a continuing connected transaction of the Company. After aggregating the transactions under the Existing RMO Agreement and the RMO Agreement, each of the percentage ratios (other than the profits ratio) is on an annual basis less than 2.5%. Accordingly, the transaction contemplated under the RMO Agreement is, pursuant to Rule 14A.34(1), a continuing connected transaction subject to the reporting and announcement requirements and is exempted from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules. Save for the Existing RMO Agreement, the Directors are not aware of any other transactions with Beijing SYTS or its associates that would require aggregation under Rule 14A.25 of the Listing Rules.

## **INTRODUCTION**

Reference is made to the Circular dated 20 March 2008. It was disclosed in the Circular that the Group had entered into the Existing RMO Agreement with Beijing SYTS on 22 February 2008 in connection with an office space of approximately 300m<sup>2</sup> at the Property currently occupied by the Group. To facilitate the Group's expansion of its business in the distribution of luxury goods in the PRC, SROBJ and SRXTD, two indirect wholly owned subsidiaries of the Company, and Beijing SYTS have on 5 May 2010 entered into the RMO Agreement in respect of the provision of office rental, management services and office expenses by Beijing SYTS to SROBJ and SRXTD in connection with an additional space of approximately 300m<sup>2</sup> at the Property.

## **THE RMO AGREEMENT**

### **Date**

5 May 2010

### **Parties**

SROBJ and SRXTD, two indirect wholly owned subsidiaries of the Company, and Beijing SYTS, a Connected Person of the Company

### **Term**

1 May 2010 to 31 December 2010 (subject to renewal by the parties thereto)

### **Subject of the RMO Agreement**

The RMO Agreement sets out the terms with regard to the office rental, management services and office expenses incurred from the operation of the Group's distributorships in the PRC.

### **Monthly fee payable**

The monthly fee arising out of the RMO Agreement would be RMB75,000 (equivalent to approximately HK\$85,300) per month payable equally by SROBJ and SRXTD which is to be paid in advance out of the Group's internal resource. The monthly fee under the RMO Agreement was determined with reference to (i) the market rental of similar properties for the additional space of approximately 300m<sup>2</sup> at the Property to be rented to the Group under the RMO Agreement; and (ii) Beijing SYTS's estimated cost in the provision of the management services and office expenses associated with the RMO Agreement.

### **Premises**

The area of the portion of the office to be occupied by the Group pursuant to the RMO Agreement is an additional space of approximately 300m<sup>2</sup> located within the Property.

## **REASONS FOR ENTERING INTO THE RMO AGREEMENT**

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

The office premises where the Group conducts its distributorships located within the Property which is owned by Beijing SYTS. As a result of the acquisition of distributorships of certain watches and jewellery related brands, the RMO Agreement was entered into in the normal course of business operations of the distributorships to facilitate the expansion of the Group's operations in the PRC. The terms of the RMO Agreement were negotiated on an arm's length basis and are on normal commercial terms. The Directors (including the independent non-executive Directors) are of the view that the terms of the RMO Agreement and the cap are fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

## **THE CAP**

In respect of the RMO Agreement, the Directors propose a cap for the period ending 31 December 2010 of RMB600,000 (equivalent to approximately HK\$682,400). The proposed cap was determined with reference to the monthly fee payable under the RMO Agreement.

## **INFORMATION ON BEIJING SYTS**

Beijing SYTS is a company established in the PRC with limited liability. It is controlled by Mr. Qi and is principally engaged in, amongst others, chemical products, equipment, art items, jewelry, silverware, etc. Beijing SYTS is a Connected Person of the Company.

## **LISTING RULE IMPLICATION**

Mr. Qi is the sole shareholder of SRHL, a substantial shareholder. Accordingly, Beijing SYTS, a company controlled by Mr. Qi, is a Connected Person of the Company. The RMO Agreement therefore constitutes a continuing connected transaction of the Company. After aggregating the transactions under the Existing RMO Agreement and the RMO Agreement, each of the percentage ratios (other than the profits ratio) is on an annual basis less than 2.5%. Accordingly, the transaction contemplated under the RMO Agreement is, pursuant to Rule 14A.34(1), a continuing connected transaction subject to the reporting and announcement requirements and is exempted from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules. Save for the Existing RMO Agreement, the Directors are not aware of any other transactions with Beijing SYTS or its associates that would require aggregation with the RMO Agreement under Rule 14A.25 of the Listing Rules.

## DEFINITIONS

Unless otherwise defined, capitalized terms used in this announcement shall have the following meanings:

“Beijing Mei He Zhen Yong”	北京美合振永汽車貿易有限公司 (Beijing Mei He Zhen Yong Motors Trading Limited*), a company established in the PRC and an indirect wholly owned subsidiary of the Company
“Beijing De Te”	北京德特汽車貿易有限公司 (Beijing De Te Motors Trading Limited*), a company established in the PRC and an indirect wholly owned subsidiary of the Company
“Beijing SYTS”	北京首盈通商經貿有限公司 (Beijing Shou Ying Tong Shang Trading and Commercial Limited* formerly known as 北京賓利集團有限公司 (Beijing Bin Li Group Limited*)), a company established in the PRC with limited liability which is controlled by Mr. Qi
“Board”	the board of Directors
“Circular”	the Company’s (then known as Jade Dynasty Group Limited) circular dated 20 March 2008 issued in connection with a very substantial acquisition and continuing connected transactions
“Company”	Sparkle Roll Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing RMO Agreement”	the office rental, management services and office expenses agreement between Beijing Mei He Zhen Yong, Beijing De Te and Beijing SYTS dated 22 February 2008 in connection with a space of approximately 300m <sup>2</sup> at the Property which is currently occupied by the Group
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Main Board”	the main board of the Stock Exchange
“Mr. Qi”	Mr. Qi Jian Hong (綦建虹) alias Mr. Kei Kin Hung, a substantial Shareholder through his interest in SRHL
“PRC”	the People’s Republic of China
“Property”	Level 24, 25 and 26, Office Tower 1, Henderson Centre, No. 18 Jian Guo Men Nei Avenue, Dong Cheng District, Beijing, the PRC owned by Beijing SYTS
“RMO Agreement”	the office rental, management services and office expenses agreement entered into between SROBJ and Beijing SYTS dated 1 May 2010 in connection with additional space of approximately 300m <sup>2</sup> at the Property
“Shareholder(s)”	the holder(s) of Share(s)
“Share(s)”	Ordinary share(s) of HK\$0.002 each in the share capital of the Company
“SRHL”	Sparkle Roll Holdings Limited, a company which is wholly owned by Mr. Qi and is interested in 805,000,000 Shares, representing approximately 29.97% of the Company’s issued share capital
“SROBJ”	耀萊東方(北京)貿易發展有限公司 (Sparkle Roll Orient (Beijing) Trading Development Company Limited*), a company established in the PRC and an indirect wholly owned subsidiary of the Company
“SRXTD”	北京耀萊新天地商業發展有限公司 (Beijing Sparkle Roll Xintiandi Commerce Development Company Limited*), a company established in the PRC and an indirect wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“m <sup>2</sup> ”	squared meter

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

Hong Kong, 6 May 2010

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

*\* For the purpose of identification only*