金利豐證券有限公司
KINGSTON SECURITIES LIMITED

23 December 2016

To the Independent Shareholders

Dear Sir or Madam,

MANDATORY CONDITIONAL CASH OFFER BY KINGSTON SECURITIES LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE FOR ALL THE ISSUED SHARES OF SPARKLE ROLL GROUP LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY THE OFFEROR AND MR. QI)

INTRODUCTION

On 20 October 2016 (after trading hour), the Purchasers entered into the Sale and Purchase Agreement with the Vendors and the Guarantor, pursuant to which (i) the Offshore Vendor has conditionally agreed to sell and the Company has conditionally agreed to purchase the Sale Shares for the Sale Share Consideration of HK$494,145,496.35; and (ii) the Onshore Vendor has conditionally agreed to sell and the Onshore Purchaser has conditionally agreed to purchase the Sale Equity for the Sale Equity Consideration of HK$28,488,372.30. The aggregate Consideration of HK$522,633,868.65 would be satisfied by the issue and allotment of the Consideration Shares at the Issue Price to the Offshore Vendor.

Completion took place on 16 December 2016 and 1,161,408,597 Consideration Shares had been issued to the Offshore Vendor which is wholly owned by Mr. Qi.

Immediately before the Completion, and taking into account (a) 855,864,000 Shares and 7,224,000 Shares respectively held by the Offeror and Mr. Qi; and (b) 2,992,000 Shares held by Kingston Securities (which is making the Offer on behalf of the Offeror) and its associates, the Offeror, Mr. Qi and/or parties acting in concert with any of them effectively held 866,080,000 Shares, representing approximately 29.06% of the total issued share capital of the Company.

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Upon Completion and as at the Latest Practicable Date, the interests of the Offeror, Mr. Qi and/or parties acting in concert with any of them in the total issued share capital of the Company had increased from approximately 29.06% to approximately 48.95%. The Offeror is required under Rule 26.1 of the Takeovers Code to make a mandatory conditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and Mr. Qi). Pursuant to Rule 26.2 of the Takeovers Code, the Offer is conditional upon the Offeror having received acceptances in respect of voting rights which, together with voting rights acquired or agreed to be acquired before or during the Offer, will result in the Offeror, Mr. Qi and/or parties acting in concert with any of them holding more than 50% of the voting rights.

This letter sets out, among other things, the principal terms of the Offer, together with the information on the Offeror and the Offeror's intentions regarding the Group. Further details of the Offer are also set out in Appendices I and IV to this Composite Document and the accompanying Form of Acceptance. Your attention is also drawn to the "Letter from the Board", the "Letter from the Takeovers Code Independent Board Committee" to the Independent Shareholders and the "Letter from TC Capital" to the Takeovers Code Independent Board Committee as contained in this Composite Document.

THE OFFER

Principal terms of the Offer

Kingston Securities, on behalf of the Offeror, is making the Offer to acquire all the issued Shares other than those already owned and/or agreed to be acquired by the Offeror and Mr. Qi in accordance with the Takeovers Code on the following basis:

For each Offer Share ..... HK$0.45 in cash

The Offer Price of HK$0.45 for each Offer Share under the Offer is the same as the Issue Price in the Sale and Purchase Agreement. Pursuant to Rule 26.3 of the Takeovers Code, the Offer Price is the highest price paid by the Offeror and parties acting in concert with it for the Shares within 6 months prior to the commencement of the Offer Period.

As at the Latest Practicable Date, there were 4,141,237,447 Shares in issue and the Company does not have and is not expected to issue any securities, options, warrants or derivatives which are convertible or which confer rights to require the issue of Shares.

Based on the Offer Price of HK$0.45 per Offer Share, the entire issued share capital of the Company is valued at HK$1,863,556,851.15. The Offer will be made to the Independent Shareholders. As the Offeror and Mr. Qi held in aggregate 2,024,496,597 Shares immediately after Completion, 2,116,740,850 Shares (being a total of 4,141,237,447 Shares in issue less the Shares held by the Offeror and Mr. Qi as at the Latest Practicable Date) will be subject to the Offer. Based on the Offer Price of HK$0.45 per Offer Share, the total consideration of the Offer would be not more than HK$952,533,382.50 (assuming full acceptance of the Offer).

The Offer Shares to be acquired under the Offer shall be fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document.

The procedures for acceptance and further details of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Comparisons of value

Offer Price

The Offer Price of HK$0.45 per Offer Share represents:

(a) a discount of approximately 40.79% to the closing price of HK$0.76 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 32.02% to the average closing price of HK$0.662 per Share in the last five consecutive trading days up to and including the Last Trading Day;

(c) a discount of approximately 33.53% to the average closing price of HK$0.677 per Share in the last ten consecutive trading days up to and including the Last Trading Day;

(d) a discount of approximately 30.98% to the average closing price of HK$0.652 per Share in the last thirty consecutive trading days up to and including the Last Trading Day;

(e) a discount of approximately 23.73% to the closing price of HK$0.590 per Share as quoted on the Stock Exchange on 21 December 2016, being the Latest Practicable Date;

(f) a premium of approximately 23.73% over the net asset value per Share as at 31 March 2016 of approximately HK$0.364 based on the latest audited consolidated net asset value of the Group as at 31 March 2016 extracted from the annual report of the Company for the year ended 31 March 2016 and 2,979,828,850 Shares in issue as at the date of the Joint Announcement; and

(g) a premium of approximately 21.62% over the net asset value per Share as at 30 September 2016 of approximately HK$0.370 based on the latest unaudited consolidated net asset value of the Group as at 30 September 2016 extracted from the interim report of the Company for the six months ended 30 September 2016 and 2,979,828,850 Shares in issue as at the date of the Joint Announcement.

Highest and lowest Share price

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK$0.76 per Share on 20 October 2016 and HK$0.43 per Share on 1 August 2016, respectively.

Confirmation of financial resources

The Offeror intends to finance the total consideration of the Offer by its internal resources and the Facility. Kingston Corporate Finance, as the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration for the full acceptance of the Offer.

Condition to the Offer

The Offer is conditional on the number of Shares in respect of acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the First Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide), together with Shares already owned by the Offeror and parties acting in concert with it and acquired or agreed to be acquired before or during the Offer Period, resulting in the Offeror, Mr. Qi and parties acting in concert with any of them holding more than 50% of the voting rights of the Company in accordance with the Takeovers Code.

Close of the Offer

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the condition to the Offer in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Offer unconditional as to acceptance is 7:00 p.m. on the 60th day after the posting of this Composite Document (or such later date to which the Executive may consent).

Warning: The Offer is conditional. If the total number of Shares in respect of the valid acceptances, which the Offeror have received at or before 4:00 p.m. on the First Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide) under the Offer together with the Shares acquired before or during the Offer, does not result in the Offeror, Mr. Qi and parties acting in concert with any of them holding more than 50% of the voting rights of the Company, the Offer will not become unconditional.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is solely owned by Mr. Qi. Mr. Qi is a substantial shareholder of the Company, owning 2,024,496,597 Shares, representing approximately 48.88% of the existing issued share capital of the Company as at the Latest Practicable Date. Mr. Zhu Lei and Mr. Qi Jian Wei, being Directors, are parties acting in concert with the Offeror in respect of the Offer. Mr. Zhu Lei and Mr. Qi Jian Wei did not hold any of the Shares as at the Latest Practicable Date. Kingston Securities, which is making the Offer on behalf of the Offeror, together with its associates held 2,992,000 Shares as at the Latest Practicable Date.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

The Offeror intends to continue with the existing business of the Group after the close of the Offer and will maintain the listing status of the Company. Following completion of the Offer, the Offeror will conduct a review on the business activities and financial position of the Group to formulate business plans and strategies for the future business development of the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider an all-embracing strategic collaboration in areas such as strategic planning and marketing with B&O and/or acquisition of assets and/or business by the Group in order to enhance its financial performance as well as value to the Shareholders in the long run. As at the Latest Practicable Date, the Offeror had no concrete plans for any strategic collaboration with B&O and any acquisition or disposal of the existing assets or business of the Group.

The Offeror also has no intention to (i) discontinue the employment of any management and employees of the Group as a result of the Offer; or (ii) redeploy the fixed assets of the Company other than those in its ordinary course of business.

INFORMATION ON THE GROUP

As disclosed in the "Letter from the Board" in this Composite Document, the Company was incorporated in Bermuda with limited liability, Shares of which have been listed on Stock Exchange. The principal activity of the Company is investment holding. The Group is principally engaged in the distributorships of luxury goods. The operations are mainly based in Hong Kong, the PRC and Malaysia.

PUBLIC FLOAT OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer.

The Stock Exchange has stated that if, after the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

(a) a false market exists or may exist in the trading of the Shares; or

(b) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The sole director of the Offeror has undertaken to the Stock Exchange to procure the Offeror to take appropriate steps to ensure that sufficient public float exists in the Shares.

PROCEDURES FOR ACCEPTANCE OF THE OFFER

Your attention is drawn to the further details regarding the procedures for acceptance and settlement of the Offer as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Settlement of the Offer

Subject to the Offer having become, or having been declared, unconditional in all respects, settlement of the consideration in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days following the date of receipt of duly completed and valid Form of Acceptance together with all the valid requisite documents by the Registrar from the Independent Shareholders accepting the Offer or the Unconditional Date, whichever is later.

No fractions of a cent will be payable and the amount of cash consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

Save for payment of stamp duty as set out in this Composite Document, settlement of the amounts due to the accepting Independent Shareholders will be implemented in full without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be entitled against such Independent Shareholder.

Effect of accepting the Offer

The Offer is conditional. Subject to the Offer becoming unconditional, the Independent Shareholders validly accepting the Offer shall sell their tendered Shares free from all encumbrances and with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made.

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, except in circumstances set out in Rule 19.2 of the Takeovers Code.

Stamp duty

Seller's ad valorem stamp duty arising in connection with acceptance of the Offer at a rate of 0.1% of the consideration payable in respect of the relevant acceptance, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong (rounded up to the nearest HK$1.00)), will be deducted from the amount payable to the Independent Shareholders who accept the Offer. The Offeror will then pay the stamp duty so deducted to the Stamp Office. The Offeror will bear buyer's ad valorem stamp duty.

Return of documents

If the Offer does not become, or is not declared, unconditional in all respects within the time permitted by the Takeovers Code, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar will be returned to the Independent Shareholders who have accepted the Offer by ordinary post at the Independent Shareholders' own risk as soon as possible but in any event within ten (10) days after the Offer has lapsed.

Overseas Shareholders

As the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek independent legal advice. It is the sole responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from him in respect of such jurisdictions).

In the event that the receipt of the Composite Document by the Overseas Shareholders is prohibited by any applicable laws and regulations or may only be effected upon compliance with conditions or requirements in such overseas jurisdictions that would be unduly burdensome, the Composite Document, subject to the Executive's consent, will not be despatched to the Overseas Shareholders. The Offeror will apply for any waiver as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any arrangements for the Overseas Shareholders to collect the Composite Document will be set forth in a further announcement.

Any acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Tax Implications

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Offeror, the Company, the Vendors, the Guarantor, their respective ultimate beneficial owners and parties acting in concert with them, Kingston Securities, Kingston Corporate Finance, the Independent Financial Adviser, the Registrar, any of their respective directors, officers, advisers, associates (as defined under the Takeovers Code), agents or any persons involved in the Offer is in a position to advise the Independent Shareholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offer.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any right which may be available to it to acquire compulsorily any outstanding Offer Shares not acquired under the Offer after the close of the Offer.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold the Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares, whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company, or, in case of joint holders to the Independent Shareholder whose name appears first in the register of members of the Company, unless otherwise specified in the accompanying Form of Acceptance completed, returned and received by the Registrar. None of the Offeror, the Company, their respective ultimate beneficial owners and parties acting in concert with them, Kingston Securities, Kingston Corporate Finance, the Independent Financial Adviser, the Registrar, any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer, the Offeror and the Group set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the "Letter from the Board", the "Letter from the Takeovers Code Independent Board Committee" and the "Letter from TC Capital" to the Takeovers Code Independent Board Committee in respect of the Offer as contained in this Composite Document.

Yours faithfully,
For and on behalf of
Kingston Securities Limited

Chu, Nicholas Yuk-yui
Director