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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)

LITIGATION UPDATE

This announcement is made by the board of directors (the "**Board**") of Sparkle Roll Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

References are made to the Company's announcements dated 12 October 2017 and 17 November 2017 (collectively, the "**Announcements**"). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as they are defined in the Announcements.

As disclosed in the Announcement dated 12 October 2017, TJXC received a judgment in relation to the Third Litigation handed down by the Jinnan District People's Court of Tianjin City* (天津市津南區人民法院) dated 28 September 2017, which ruled in favour of the plaintiff and held that, among others:

(1) the sales and purchase contract is rescinded;

(2) the plaintiff shall return the purchased good to TJXC within 5 days after the judgment becomes effective;

(3) TJXC shall return the purchase price in the sum of RMB2,840,000 to the plaintiff within 5 days after the judgment becomes effective; and

(4) TJXC shall pay to the plaintiff a sum of RMB8,520,000 as liquidated damages within 5 days after the judgment becomes effective.

On 12 October 2017, TJXC filed an appeal application to the Second Intermediate People's Court of Tianjin City* (天津市第二中級人民法院). After the appeal hearing, the Second Intermediate People's Court of Tianjin City* handed down a judgment on 4 July 2018 (the "**Appeal Judgment**") and held that, among others:

(a) items (1), (2) and (4) above be upheld;

(b) item (3) above be dismissed;

(c) TJXC shall return the purchase price in the sum of RMB2,300,000 to the plaintiff within 5 days after the Appeal Judgment becomes effective; and

(d) the plaintiff's other claims made in the first trial be dismissed.

As advised by the Group's PRC legal advisers, the Appeal Judgment is final and binding on the parties. Having taken into account that the amount of damages payable under the Appeal Judgment does not exceed the provision previously made for the possible liquidated damages for the First and the Third Litigations, the Board is of the view that the Appeal Judgment will not have any material adverse impact on the Group's ordinary operations and financial position.

Shareholders and potential investors are advised to exercise extreme caution when dealing in the shares of the Company.

By Order of the Board
Sparkle Roll Group Limited
Zheng Hao Jiang
Chairman

Hong Kong, 10 July 2018

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. Zheng Hao Jiang, Mr. Zhu Lei and Mr. Cheung Man Kit. The non-executive Directors are Mr. Gao Yu, Mr. Qi Jian Wai and Mr. Tang Sung Wai. The independent non-executive Directors are Mr. Choy Sze Chung, Jojo, Mr. Lam Kwok Cheong and Mr. Lee Thomas Kang Bor.

* *For identification purpose only*