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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 4 June 2020 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 318,500,000 new Shares at the Subscription Price of HK$0.157 per Subscription Share.

The Subscription Shares represent approximately 6.64% of the existing issued share capital of the Company and approximately 6.23% of the total issued share capital of the Company as enlarged by the Subscription.

The Subscription Shares will be allotted and issued under the General Mandate.

* *for identification purpose only*

Completion of the Subscription is subject to fulfillment of the conditions precedent in the Subscription Agreement and the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

THE SUBSCRIPTION AGREEMENT

Date

4 June 2020 (after trading hours)

Parties

(a) the Company (as issuer); and

(b) ImmenseTech Investment Limited (as subscriber).

The Subscriber is a company incorporated in Hong Kong with limited liability and principally engaged in investment holding. Mr. Qiu Peiyuan is the ultimate beneficial owner of the Subscriber. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Subscription

The Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 318,500,000 new Shares at the Subscription Price of HK$0.157 per Subscription Share to the Subscriber, with an aggregate consideration of HK$50,004,500.

Subscription Shares

The Subscription Shares represent:

(i) approximately 6.64% of the existing issued share capital of the Company as at the date of this announcement; and

(ii) approximately 6.23% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares only (assuming there will be no change in the issued share capital of the Company between the date of this announcement and the date of Subscription Completion, save for the allotment and issue of the Subscription Shares).

The Subscription Shares have an aggregate nominal value of HK$637,000.

The Subscription Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Conditions precedent to the Subscription Completion

Subscription Completion is conditional upon fulfilment of the following conditions:

(a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares; and

(b) the obtaining of Shareholders' approval (if required) and approval by the Board or other internal approval process of the Company for the Subscription Agreement and the transactions contemplated thereunder.

None of the above conditions can be waived. In the event the above conditions cannot be fulfilled by the Long Stop Date, the Subscription will not be proceeded.

Subscription Completion

Subscription Completion will take place on the third business day after the date on which all the conditions of the Subscription are fulfilled (or such other business date as may be agreed between the Company and the Subscriber in writing).

SUBSCRIPTION PRICE

The Subscription Price is HK$0.157 per Subscription Share, which represents:

(a) a discount of approximately 17.8% over the closing price of HK$0.191 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 19.7% over the average closing price of HK$0.1956 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day; and

(c) a discount of approximately 19.7% over the average closing price of HK$0.1956 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to the Last Trading Day.

Taking into account the estimated expenses of the Subscription in the amount of approximately HK$120,000, the net price is estimated to be approximately HK$0.1566 per Subscription Share. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to recent market prices of the Shares. The Directors consider that the Subscription Price is fair and reasonable.

GENERAL

General mandate

The Subscription Shares will be allotted and issued under the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 30 August 2019, on which date the total number of Shares in issue was 4,964,581,447. As at the date of this announcement, the Company has not utilised the aforesaid general mandate and the available number of Shares that can be issued under the general mandate is 992,916,289 Shares. The 318,500,000 Subscription Shares to be allotted and issued will utilise approximately 32.08% of the aforesaid general mandate. As the Subscription Shares are to be issued under the General Mandate, the Subscription is not subject to Shareholders' approval.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE SUBSCRIPTION AND PROPOSED USE OF PROCEEDS

The Group is principally engaged in distributorships of luxury goods and automobiles, provision of after-sales services, property management services, catering services, property rental services and film investments.

As a long term investment for capital appreciation and distributions, the Group held 4,686,449 shares of B&O, which represents approximately 11% of its total issued shares as at the date of this announcement.

As announced by B&O on 3 June 2020, a rights issue has been approved by its shareholders at its extraordinary general meeting held on 3 June 2020. The rights issue will be effected at a subscription ratio of 2:1 (1 existing share would give the right to subscribe for 2 new shares) and at a subscription price per new share of DKK 5.

In order to maintain its proportionate ownership in B&O, the Group intends to take up the B&O Rights Shares with the estimated costs of around DKK47 million (equivalent to approximately HK$55 million).

The gross proceeds from the Subscription are HK$50,004,500. The estimated net proceeds from the Subscription, after the deduction of relevant expenses, will be approximately HK$50 million. The Company intends to use such net proceeds to finance the subscription of the B&O Rights Shares.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any fund raising activities in the 12 months immediately preceding the date of this announcement.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 4,793,453,447 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Subscription, assuming that there being no other change in the share capital and shareholding structure of the Company from the date of this announcement to the date of the Subscription Completion:

	As at the date of this announcement		**Immediately after completion of the Subscription**	
	No. of Shares	*%*	*No. of Shares*	*%*
Controlling Shareholder				
Mr. Qi Jian Hong alias Mr. Kei Kin Hung ("Mr. Qi")	2,461,360,000 *(Notes 1, 2, 3 and 4)*	51.35	2,461,360,000	48.15
Directors				
Mr. Zheng Hao Jiang	10,640,000 *(Note 5)*	0.22	10,640,000	0.21
Mr. Choy Sze Chung, Jojo	1,000,000	0.02	1,000,000	0.02
Mr. Lee Thomas Kang Bor	1,680,000	0.04	1,680,000	0.03
Sub-total:	**2,474,680,000**	**51.63**	**2,474,680,000**	**48.41**
The Subscriber	–	–	318,500,000	6.23
Other public Shareholders	2,318,773,447	48.37	2,318,773,447	45.36
Total:	**4,793,453,447**	**100.00**	**5,111,953,447**	**100.00**

Notes:

1. Among these 2,461,360,000 Shares, (i) 2,152,976,000 Shares are held by Sparkle Roll Holdings Limited which is wholly-owned by Mr. Qi; (ii) 248,536,000 Shares are held by Mr. Qi as beneficial owner; and (iii) 59,848,000 Shares are held by Ms. Qi Meihe, who has entered into a concert party agreement with Mr. Qi. Mr. Qi is deemed to be interested in all the Shares in which Sparkle Roll Holdings Limited and Ms. Qi Meihe are interested by virtue of the SFO. Ms. Zhu Shuang is the wife of Mr. Qi. Accordingly, Ms. Zhu Shuang was deemed to be interested in the Shares interested by Mr. Qi.

2. Among these 2,461,360,000 Shares, 1,200,000,000 Shares have been charged to Able Honour Holdings Limited as security interest. Able Honour Holdings Limited is 100% controlled by Ms. Xu Jiaying. Under the SFO, Ms. Xu Jiaying is deemed to be interested in all the Shares in which Able Honour Holdings Limited is interested by virtue of the SFO.

3. Among these 2,461,360,000 Shares, 300,000,000 Shares have been charged to Mr. Lam Chi Kin as security interest.

4. Among these 2,461,360,000 Shares, 300,000,000 Shares have been charged to Mr. Lin Peng as security interest.

5. These 10,640,000 Shares are held by Keyking Mission Group Co., Ltd, a company wholly owned by Mr. Zheng. Accordingly, Mr. Zheng is deemed to be interested in the Shares held by Keyking Mission Group Co., Ltd..

Completion of the Subscription is subject to fulfillment of the conditions precedent in the Subscription Agreement and the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

"B&O"	Bang & Olufsen A/S, a company incorporated in Denmark whose shares are listed and traded on Nasdaq Copenhagen
"B&O Rights Shares"	the rights shares to which the Group is entitled under the proposed rights issue of B&O approved at its extraordinary general meeting on 3 June 2020
"Board"	the board of Directors
"Company"	Sparkle Roll Group Limited, an exempted company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed thereto in the Listing Rules
"Director(s)"	the director(s) of the Company
"DKK"	Danish Krone, the lawful currency of Denmark
"General Mandate"	the general mandate granted to the Directors pursuant to an ordinary resolution of the shareholders of the Company passed on 30 August 2019 to allot, issue and deal with up to 992,916,289 Shares, representing 20% of the issued share capital of the Company as at 30 August 2019
"Group"	the Company and its subsidiaries from time to time
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Last Trading Day"	4 June 2020, being the date of the Subscription Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	19 June 2020 (or later date as the Company and the Subscriber shall agree in writing)
"PRC"	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of HK$0.002 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscriber"	ImmenseTech Investment Limited, a company incorporated in Hong Kong with limited liability
"Subscription"	the subscription of the Subscription Shares pursuant to the Subscription Agreement
"Subscription Agreement"	the conditional agreement dated 4 June 2020 entered into between the Company (as issuer) and the Subscriber (as subscriber) in relation to the Subscription
"Subscription Completion"	completion of the Subscription
"Subscription Price"	the subscription price of HK$0.157 per Subscription Share

"Subscription Shares"	318,500,000 Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement
"%"	per cent

For the purpose of this announcement, the exchange rate of DKK1.00 = HK$1.17 has been used for currency conversions. This is for the purpose of illustration only and does not constitute a representation that any amounts in DKK and HK$ have been, could have been or may be converted at such rate or any other exchange rate.

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

Hong Kong, 4 June 2020

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. Zhao Xiaodong and Mr. Zhu Lei. The non-executive Directors are Mr. Gao Yu, Mr. Qi Jian Wei and Mr. Liu Hongqiang. 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*