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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)

Sparkle Roll Holdings Limited
耀萊控股有限公司
(Incorporated in the British Virgin Islands with limited liability)

JOINT ANNOUNCEMENT
(1) MAJOR AND CONNECTED TRANSACTION – ACQUISITION OF APPROXIMATELY 15.09% SHAREHOLDING IN BANG & OLUFSEN A/S AND 49% EQUITY INTERESTS IN BALANORM BEO (BEIJING) TRADING DEVELOPMENT LIMITED;
(2) POSSIBLE MANDATORY CONDITIONAL CASH OFFER BY

KINGSTON SECURITIES LTD.

FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL OF 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);
(3) PROPOSED GRANT OF SPECIFIC MANDATE OF THE COMPANY TO ALLOT AND ISSUE THE CONSIDERATION SHARES; AND
(4) ESTABLISHMENT OF LISTING RULES INDEPENDENT BOARD COMMITTEE AND TAKEOVERS CODE INDEPENDENT BOARD COMMITTEE OF THE COMPANY

Financial adviser to the Company

ORIENTAL PATRON

Financial adviser to the Offeror

KINGSTON CORPORATE FINANCE LTD.

SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 20 October 2016 (after trading hours), the Purchasers entered in 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 Sale Share Consideration of HK$494,145,496.35; and (ii) the Onshore Vendor has conditionally agreed to sell and the Company has conditionally agreed to purchase the Sale Equity for Sale Equity Consideration for HK$28,488,372.30. The Consideration will be satisfied by the issue and allotment of the Consideration Shares at the Issue Price per Consideration Share to the Offshore Vendor.

Given that (i) upon Completion, the Company will become a single largest shareholder of B&O, owning approximately 15.09% of total issued shares of B&O; (ii) Mr. Tong, an executive Director and Chairman of the Group, is also an existing director of B&O, B&O will become an associate company of the Company upon Completion and its financial results will be accounted for by way of equity accounting in the consolidated financial statements of the Company. Also, the PRC JV will become an indirectly wholly owned subsidiary of the Company.

Taking into account the 866,080,000 Shares held by the Offeror, Mr. Qi and parties acting in concert with any of them as at the date of this joint announcement, the Offeror, Mr. Qi and parties acting in concert with any of them will be interested in an aggregate of 2,027,488,597 Shares, representing about approximately 48.95% (assuming that no additional Shares other than the Consideration Shares to be issued since the date of the Sale and Purchase Agreement up to the Completion)

The Consideration Shares are to be issued by the Company pursuant to the Specific Mandate. An application will be made to the Stock Exchange by the Company for the listing of, and permission to deal in, the Consideration Shares.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this joint announcement, the Vendors are wholly-owned by Mr. Qi, who is also a substantial Shareholder. Accordingly, the Vendors are connected persons of the Company under the Listing Rules and the Acquisition contemplated under the Sale and Purchase Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeds 25% but less than 100%, the Acquisition constitutes a major transaction for the Company and is therefore subject to reporting, announcement and Independent Shareholders' approval by way of poll requirements under Chapter 14 of the Listing Rules.

POSSIBLE MANDATORY CONDITIONAL CASH OFFER

Immediately upon the Completion, an aggregate of 1,161,408,597 Consideration Shares will be issued to the Offshore Vendor which is wholly-owned by Mr. Qi. Taking into account of: (a) 855,864,000 Shares and 7,224,000 Shares respectively held by the Offeror and Mr. Qi as at the date of this joint announcement; and (b) 2,992,000 Shares held by Kingston Securities (which will be making the Offer on behalf of the Offeror) and its associates. Mr. Qi and parties acting in concert with any of them in the total issued share capital of the Company will be increased from approximately 29.06% to approximately 48.95% (assuming that no additional Shares other than the Consideration Shares will be issued since the date of the Sale and Purchase Agreement up to the Completion).

Subject to Completion, the Offeror will be 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 parties acting in concert with any of them holding more than 50% of the voting rights.

Subject to and upon the Completion, Kingston Securities, on behalf of the Offeror and in compliance with the Takeovers Code, shall make the Offer on the terms set out in the Composite Document.

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

The Offer Price of HK$0.45 is the same as the Issue Price. Pursuant to Rule 26.3 of the Takeovers Code, the Offer Price is the highest price paid by the Offeror, Mr. Qi and parties acting in concert with any of them for the Shares within 6 months prior to the commencement of the offer period (as defined in the Takeovers Code).

Kingston Corporate Finance, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

LISTING RULES INDEPENDENT BOARD COMMITTEE AND TAKEOVERS CODE INDEPENDENT BOARD COMMITTEE OF THE COMPANY AND INDEPENDENT FINANCIAL ADVISER

The Company has established (i) the Listing Rules Independent Board Committee comprising all the independent non-executive Directors who are not, directly or indirectly, interested in the Acquisition, namely Mr. Choy Sze Chung, Jojo, Mr. Lam Kwok Cheong and Mr. Lee Thomas Kang Bor, will be established to consider, and advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, in the interests of the Company and the Shareholders as a whole, and how to vote on the resolution(s) regarding the Sale and Purchase Agreement at the SGM; (ii) the Takeovers Code Independent Board Committee comprising two of its non-executive Directors, namely Mr. Zhang Si Jian and Mr. Gao Yu and all independent non-executive Directors, namely Mr. Choy Sze Chung, Jojo, Mr. Lam Kwok Cheong and Mr. Lee Thomas Kang Bor, none of whom has a direct or indirect interest in the Offer, to consider the terms of the Offer and to make recommendation to the Independent Shareholders in respect of the Offer and to advise the Independent Shareholders as to whether or not the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. The Company's other non-executive director, Mr. Qi Jian Wei, will not be a member of the Takeovers Code Independent Board Committee by virtue of his family relationship with Mr. Qi.

The Independent Financial Adviser will be appointed to advise both the Listing Rules Independent Board Committee and the Takeovers Code Independent Board Committee and the Independent Shareholders in this regard.

A further announcement will be the Company as soon as possible after the appointment of the Independent Financial Adviser.

GENERAL

A circular containing, among others, (i) the details of the Sale and Purchase Agreement and the Specific Mandate; (ii) financial and other information of B&O and the PRC JV; (iii) financial and other information of the Group; (iv) pro forma financial information of the Group; (v) the recommendation from the Listing Rules Independent Board Committee to the Independent Shareholders in respect of the Sale and Purchase Agreement; (vi) the letter of advice from the Independent Financial Adviser to the Listing Rules Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement; and (vii) the notice convening the SGM will be dispatched to the Shareholders on or before 10 November 2016.

COMPOSITE DOCUMENT

It is the intention of the Offeror and the Board that the offer document from the Offeror and the board circular from the Company be combined in a composite offer document. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document setting out, among other things, (i) details of the Offer (including the expected timetable and terms of the Offer); (ii) financial information of the Group; (iii) a letter of recommendation from the Takeovers Code Independent Board Committee to the Independent Shareholders in relation to the Offer; and (iv) a letter of advice from the Independent Financial Adviser to the Takeovers Code Independent Board Committee in relation to the Offer, together with the form of acceptance, shall be despatched to the Shareholders within 21 days after date of this joint announcement or such later date as may be permitted by the Takeovers Code and agreed by the Executive and in compliance with the requirements of the Takeovers Code and other applicable regulations.

Pursuant to Note 2 to Rule 8.2 of the Takeovers Code, the consent of the Executive is required if the making of the Offer is subject to the prior fulfillment of certain pre-conditions and the pre-conditions cannot be fulfilled within the time period required by Rule 8.2 of the Takeovers Code. As the making of the Offer is conditional upon the Completion, it is expected that an application will be made to the Executive to extend the deadline for the despatch of the Composite Document, together with the form(s) of acceptance and transfer for the Offer, to a date within 7 days upon the Completion or 18 April 2017, whichever is the earlier. Further announcement(s) will be made by the Offeror and the Company on the timing of the despatch of the Composite Document.

WARNING

The Offer is a possibility and it will only be made if the Completion takes place and the Completion is conditional upon the fulfillment or waiver (where applicable) of certain conditions under the Sale and Purchase Agreement. Accordingly, the Sale and Purchase Agreement may or may not be completed and the Offer may or may not proceed. Shareholders and potential investors of the Company therefore are urged to exercise caution when dealing in the Shares. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

INTRODUCTION

The Board is pleased to announce that on 20 October 2016 (after trading hours), the Purchasers entered in the Sale and Purchase Agreement with the Vendors and the Guarantor, pursuant to which the Offshore Vendor has conditionally agreed to sell and the Company has conditionally agreed to purchase the Sale Shares for Sale Share Consideration of HK$494,145,496.35; and the Onshore Vendor has conditionally agreed to sell and the Onshore Purchaser has conditionally agreed to purchase the Sale Equity for Sale Equity Consideration of HK$28,488,372.30. The Consideration will be satisfied by the issue and allotment of the Consideration Shares at Issue Price to the Offshore Vendor.

None of the Purchasers shall be obliged to purchase any of the Sale Shares nor the Sale Equity unless the sale and purchase of all the Sale Shares and the Sale Equity are completed simultaneously.

Further information on the Sale and Purchase Agreement is set out below.

THE SALE AND PURCHASE AGREEMENT

Date: 20 October 2016

Parties:

Purchasers: (a) the Company; and

(b) Onshore Purchaser.

Vendors: (a) Offshore Vendor; and

(b) Onshore Vendor.

Guarantor: Mr. Qi, guarantor of the Vendors' obligations under the Sale and Purchase Agreement

The Onshore Purchaser is a wholly-owned subsidiary of the Company. The Company is principally engaged in the distributorships of luxury goods. The operations are mainly based in Hong Kong, the PRC and Malaysia.

Mr. Qi is the sole beneficial owner of the Vendors and is a substantial shareholder of the Company, owning 863,088,000 Shares, representing approximately 28.96% of the total issued Shares as at the date of this joint announcement. Mr. Qi is therefore a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules.

Assets to be acquired:

Pursuant to the Sale and Purchase Agreement:

(i) the Offshore Vendor has conditionally agreed to sell and the Company has conditionally agreed to purchase the Sale Shares, representing 15.09% of total issued shares of B&O; and

(ii) the Onshore Vendor has conditionally agreed to sell and the Offshore Purchaser has conditionally agreed to purchase the Sale Equity, representing 49% equity interests in the PRC JV.

Given that (i) upon Completion, the Company will become a single largest shareholder of B&O, owning approximately 15.09% of total issued shares of B&O; (ii) Mr. Tong, an executive Director and Chairman of the Group, is also an existing director of B&O, B&O will become an associate company of the Company upon Completion and will be accounted by way of equity accounting in the consolidated financial statements of the Company. Also, the PRC JV will become an indirectly wholly owned subsidiary of the Company upon Completion.

Consideration for the Acquisition:

The aggregate Consideration for the Acquisition shall be HK$522,633,868.65, of which:

(1) the Sale Shares Consideration shall be HK$494,145,496.35, and shall be payable by the Company; and

(2) the Sale Equity Consideration shall be HK$28,488,372.30, and shall be payable by the Onshore Purchaser.

The whole of the Consideration shall be settled by the Purchasers on the Completion Date by the Company issuing the Consideration Shares, to be credited as fully paid at the Issue Price of HK$0.45 per Consideration Share, to the Offshore Vendor.

Sale Shares Consideration

The Sale Share Consideration was arrived at based on normal commercial terms after arm's length negotiation between the Offshore Vendor and the Company, with reference to, among other things, (i) the market capitalization of B&O, (ii) the share price performance, trading volume and business prospects of B&O and the Company, and (iii) the lockup period of the Consideration Shares.

Sale Equity Consideration

The Sale Equity Consideration was arrived at based on normal commercial terms after arm's length negotiations between the Onshore Vendor and the Company, taking into account including but not limited to (i) the net assets value of the PRC JV, (ii) the historical financial performance and the business prospects of the PRC JV, (iii) the price performance and trading volume of the Company and (iv) the lock up period of the Consideration Shares.

The Directors (excluding the members of the Listing Rules Independent Board Committee who will form their views after receiving and considering the advice from the Independent Financial Adviser) consider that the Consideration is fair and reasonable and in the interest of the Company and Shareholders as a whole.

Consideration Shares

Issue Price

Pursuant to the Sale and Purchase Agreement, the Consideration Shares will be issued at HK$0.45 per Share, which represents:

(i) a discount of approximately 40.79% to the closing price of HK$0.76 per Share as quoted on the Stock Exchange on the date of this joint announcement;

(ii) 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 date of this joint announcement;

(iii) 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 date of this joint announcement; and

(iv) a premium of approximately 23.73% over the consolidated net asset value of the Group as at 31 March 2016 extracted from the 2016 annual report of the Company ("**2016 Annual Report**").

When allotted and issued at Completion, the Consideration Shares will represent approximately:

(i) 38.98% of the existing issued share capital of the Company as at the date of this joint announcement; and

(ii) 28.04% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Issue Price has been agreed based on normal commercial terms after arm's length negotiations between the Purchasers and the Vendors after taking into account the prevailing market price and trading volume of the Shares, the financial performance of the Group, the current market conditions and the lockup period of the Consideration Shares.

Consideration Shares

The Consideration Shares are to be issued by the Company pursuant to the Specific Mandate. The Company will seek the grant of the Specific Mandate from Independent Shareholders at the SGM. The Consideration Shares shall be allotted and issued at the Issue Price each, credited as fully paid and shall rank *pari passu* among themselves and with all other Shares in issue at the Completion Date.

An application will be made to the Stock Exchange by the Company for the listing of, and permission to deal in, the Consideration Shares.

Conditions Precedent

Completion is subject to the following conditions being fulfilled or waived:

(i) the Purchasers having received legal opinions issued by:

  (a) the Purchasers' legal advisers on Danish laws confirming that the acquisition by the Purchaser Group of the Sale Shares under the Sale and Purchase Agreement will not constitute a violation of any Danish laws and regulations, including those with respect to foreign ownership or investment in Danish enterprises and foreign exchange control; and

  (b) the Purchasers' legal advisers on PRC laws confirming that the acquisition by the Purchaser Group of the Sale Equity under the Sale and Purchase Agreement and issue of the Consideration Shares as settlement of the Sale Equity Consideration will not constitute a violation of any PRC laws and regulations, including those with respect to foreign ownership or investment in PRC enterprises and foreign exchange control;

(ii) the approval by the Shareholders and (wherever applicable) the Independent Shareholders of the Acquisition, the Sale and Purchase Agreement and the transactions contemplated hereby (including without limitation issue of the Consideration Shares) at the SGM to be convened in accordance with, and all other consents and acts required under, the Listing Rules being obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules being obtained from the Stock Exchange;

(iii) the Listing Committee having granted listing of and permission to deal in the Consideration Shares;

(iv) the Company having received written confirmation from the Stock Exchange (if applicable) and the SFC that they have no further comment on the announcement in respect of the transactions contemplated under the Sale and Purchase Agreement and that the announcement having been uploaded to the website of the Stock Exchange;

(v) all approvals, consents and acts (whether required under laws, codes, regulations, the Listing Rules or otherwise) for the purpose of or in connection with the Completion being obtained and completed by each of the Vendors, the Onshore Purchaser and the Company or, as the case may be, the relevant waiver from compliance with any of such provisions being obtained from the relevant authority (including without limitation the Stock Exchange);

(vi) as at the date on which the last of the outstanding Condition Precedent (other than condition precedent (vi)) shall have been fulfilled or (as applicable) waived:

(a) no indication having been received by the Company from the Stock Exchange or the SFC that Completion and the terms of and the transactions contemplated under the Sale and Purchase Agreement will lead to the listing of the Shares on the Stock Exchange to be withdrawn or to be objected to (including without limitation any declaration that the Shares will not be regarded as suitable for listing), whether or not conditions will or may be attached thereto; and

(b) no indication having been received by the Company from the Stock Exchange that the transactions contemplated under the Sale and Purchase Agreement will be treated or, as the case may be, ruled by the Stock Exchange as a "reverse takeover" under the Listing Rules;

(vii) the B&O Shares remaining listed and traded on Nasdaq Copenhagen for the duration of the Pre-completion Period save for temporary suspensions of not more than 15 consecutive trading days of Nasdaq Copenhagen;

(viii) as at the date on which the last of the outstanding Condition Precedent (other than condition precedent (viii)) shall have been fulfilled or (as applicable) waived, there is no occurrence of event indicating that Completion and the terms of and the transactions contemplated under the Sale and Purchase Agreement will lead to the listing of the B&O Shares on Nasdaq Copenhagen to be withdrawn or to be cancelled;

(ix) all requisite waivers, consents and approvals from any relevant governments or regulatory authorities in the PRC, Hong Kong, Denmark or other relevant third parties in connection with the Acquisition and all other transactions contemplated by the Sale and Purchase Agreement having been obtained; and

(x) as at the date on which the last of the outstanding condition precedent (other than this condition precedent (x)) the Purchasers being satisfied that, the Warranties remaining true and accurate and no events having occurred that would result in any breach of any such Warranties.

The Purchasers may at their sole and absolute discretion and at any time waive, by notice in writing to the Vendors and the Guarantor, the conditions precedent (i), (vii), (viii) and (x) above. Such waiver may be made subject to such terms and conditions as are determined by the Purchasers. None of the other conditions precedent set out in the Sale and Purchase Agreement may be waived by any Party unilaterally.

If any of the conditions precedent set out in the Sale and Purchase Agreement has not been satisfied (or, as the case may be, waived by the Purchasers) on or before 12:00 noon on the Long Stop Date, the Sale and Purchase Agreement shall cease and terminate (except that the provisions in relation to, among others, confidentiality, costs and expenses, notice and governing law, jurisdiction and process agent which shall remain in full force and effect) and none of the Parties shall have any obligations and liabilities save for any antecedent breaches of terms thereof.

Reference is made to conditions precedent (v) and (ix). Based on preliminary legal advice received by the Company, in respect of the sale and purchase of the Sale Equity, approval from the Ministry of Commerce of the PRC government is required. In respect of the sale and purchase of the Sale Shares, no approval, consent and/or waiver from any Danish governmental or regulatory authorities is required.

Completion

Subject to the continuous fulfillment of the conditions precedent set out in the Sale and Purchase Agreement up to the Completion Date, Completion shall take place on the Completion Date.

Lock-up of the Consideration Shares

Pursuant to the Sale and Purchase Agreement, the Offshore Vendor undertakes to the Company that unless with the prior written approval of the Company, the Offshore Vendor shall not sell, transfer, or otherwise dispose of (or enter into any agreement to dispose of), any of the Consideration Shares or any interest therein, and shall not permit the registered holder of the Consideration Shares to sell, transfer or otherwise dispose of (or enter into any agreement to dispose of) any of the Offshore Vendor's direct or indirect interests in the Consideration Shares for a period of twenty-four (24) months after the Completion Date (**"Lock-up Undertaking"**).

However, the Lock-up Undertaking shall not apply to the creation by the Offshore Vendor of any mortgage, charge, pledge, lien or other encumbrances on the Consideration Shares in favour of a qualified lender (as defined under section 308 of the SFO) for a bona fide commercial loan (including a loan to be used in connection with the Offer) or any sale, transfer or otherwise dispose of the Consideration Shares pursuant to an exercise of power of sale contained in such mortgage, charge, pledge, lien or other encumbrances.

INFORMATION OF ASSETS TO BE ACQUIRED

B&O

B&O, a company incorporated in Denmark whose shares are listed and traded on Nasdaq Copenhagen, is the manufacturer of the "Bang & Olufsen" and "B&O PLAY" branded audio and visual consumer electronics products. The Group is one of the distributors for "B&O PLAY" products in the PRC. As at the date of this joint announcement, Mr. Tong Kai Lap ("**Mr. Tong**"), executive Director and Chairman of the Group, is also an existing director of B&O.

As at the date of this joint announcement, through the Offshore Vendor and other entities controlled by Mr. Qi, Mr. Qi indirectly owns 8,923,544 B&O Shares, constituting approximately 20.66% of the total B&O Shares. Mr. Qi is the single largest shareholder of B&O as at the date of this joint announcement. Upon Completion, Mr. Qi will remain indirectly interested in 2,404,186 B&O Shares, representing approximately 5.57% of the total B&O Shares.

Set out below is a summary of the financial information of B&O extracted from the 2015/16 annual report of B&O, which have been prepared in accordance with International Financial Reporting Standards, generally accepted accounting standards in European Union:

	For the year ended 31 May	
	2015	**2016**
	million	*million*
	(audited)	(audited)
Net loss before taxation	DKK(802.7) or about HK$(936.8)	DKK(241.6) or about HK$(281.9)
Net loss after taxation (excluding the discontinued operations)	DKK(607.3) or about HK$(708.7)	DKK(197.8) or about HK$(230.8)

As at 31 May 2016, the audited consolidated net asset value of B&O amounted to approximately DKK1,724.9 million (equivalent to approximately HK$2,013.0 million).

PRC JV

The PRC JV is an equity joint venture formed by the Company and the Onshore Vendor. The Onshore Vendor and the Company (through its several subsidiaries) owns 49% and 51% of the paid up capital in the PRC JV respectively. The PRC JV is a non-exclusive retailer of "B&O PLAY" branded audio and visual consumer electronics products in the PRC. As at the date of this joint announcement, the issued share capital of the PRC JV was RMB50,000,000.

	Year ended 31 March	
	2015	**2016**
	(unaudited)	(unaudited)
Net (loss)/profit before taxation	RMB(2,978,377) or about HK$(3,463,229)	RMB372,603 or about HK$433,260
Net (loss)/profit after taxation	RMB(2,978,377) or about HK$(3,463,229)	RMB372,603 or about HK$433,260

The unaudited net assets of the PRC JV as at 31 August 2016 was approximately RMB44.5 million (equivalent to approximately HK$51.8 million).

Pursuant to Rules 14.58(6) and (7) of the Listing Rules, the Company is required to disclose the above financial information relating to the PRC JV in this joint announcement. Pursuant to Rule 10 of the Takeovers Code, any unaudited profit figures published during an offer period must be reported on. As such, the Company is required to comply with the requirements under Rule 10 of the Takeovers Code with respect to the above unaudited financial information relating to the PRC JV which has to be reported on by the Company's financial adviser and auditor/accountants. However, due to the practical difficulties in terms of the additional time required for the preparation of the reports by the Company's auditor/accountants and financial advisers, the disclosure of the above unaudited financial information relating to the PRC JV does not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and potential investors should exercise caution in placing reliance on such forecasts in assessing the merits and demerits of the Acquisition and the Offer and when dealing in the securities of the Company.

A full set of the accountants' reports relating to the PRC JV prepared under Hong Kong Financial Reporting Standards, which will be in full compliance with the requirements of the Takeovers Code, will be included in the Circular to be issued by the Company to the Shareholders. Shareholders should note that there may be differences between the financial information relating to the PRC JV as presented in this joint announcement and the financial information to be presented in the Circular to be issued by the Company to the Shareholders.

APPLICATION FOR LISTING

An application will be made to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

EFFECT OF THE ACQUISITION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this joint announcement; and (ii) immediately after Completion and before the Offer (assuming there will be no other changes to the shareholding structure of the Company from the date of this joint announcement to the Completion Date and before the Offer):

Shareholders	**As at the date of this joint announcement**		**Immediately after Completion and before the Offer**	
	Shares	*%*	*Shares*	*%*
The Offeror, Mr. Qi and parties acting in concert with any of them:				
The Offeror	855,864,000	28.72	2,017,272,597	48.71
Mr. Qi	7,224,000	0.24	7,224,000	0.17
Kingston Securities and its associates	2,992,000	0.10	2,992,000	0.07
Sub-total of the Offeror, Mr. Qi and parties acting in concert with any of them	**866,080,000**	**29.06**	**2,027,488,597**	**48.95**
Directors:				
Tong Kai Lap *(Note 2)*	20,034,400	0.67	20,034,400	0.48
Zheng Hao Jiang	10,640,000	0.36	10,640,000	0.26
Choy Sze Chung, Jojo	1,000,000	0.03	1,000,000	0.02
Lee Thomas Kang Bor	1,256,000	0.04	1,256,000	0.03
Substantial Shareholder:				
Wang Qiang ("**Mr. Wang**") *(Note 1)*	328,094,000	11.01		
Public:				
Mr. Wang *(Note 1)*			328,094,000	7.92
Other public Shareholders	1,752,724,450	58.83	1,752,724,450	42.34
Total	**2,979,828,850**	**100.00**	**4,141,237,447**	**100.00**

Notes:

1. Mr. Wang holds 309,112,000 Shares through Street Smart Properties Limited which was wholly-owned by Mr. Wang as at the date of this joint announcement. Save as disclosed in the above shareholding structure, Mr. Wang has no other relationship with the Company and the assets to be acquired under the Acquisitions. Assuming that Mr. Wang does not bring additional or dispose of his shareholding in the Company before the Completion, Mr. Wang's shareholding will be regarded as Shares held by the public upon Completion.

2. Mr. Tong, an executive Director and Chairman of the Group, is also an existing director of B&O. He directly holds 9,760,000 Shares and 10,274,400 Shares are held by Rapid Alert International Limited, a company controlled by a discretionary trust of which Mr. Tong is the founder. Therefore, he holds 20,034,400 Shares, representing approximately 0.67% of interest in Shares as at the date of this joint announcement.

INFORMATION OF THE VENDORS

Mr. Qi, a substantial Shareholder, is the sole beneficial owner of the Offshore Vendor and the Onshore Vendor.

The Offshore Vendor is a company incorporated in the British Virgin Islands. Through the Offshore Vendor and other entities controlled by him, Mr. Qi indirectly owns 8,923,544 Shares, constituting about 20.66% of the total B&O Shares. The original purchase cost of the Sale Shares was DKK503,350,846.

The Onshore Vendor is a company established in the PRC with limited liability. Through the Onshore Vendor, Mr. Qi indirectly owns the Sale Equity, being 49% of the entire paid up capital in the PRC JV. The original purchase cost of the Sale Equity was RMB24.5 million.

REASONS FOR AND THE BENEFITS OF THE ACQUISITION

The Group is principally engaged in distributorships of luxury goods. The Group is a distributor for "B&O PLAY" products in the PRC. According to the 2016 Annual Report, the 2016 sales performance of the business division named "others" performed satisfactorily with revenue increased by approximately 75.7% from HK$40.3 million for the year ended 31 March 2015 to HK$70.8 million for the year ended 31 March 2016. Revenue attributable to "B&O PLAY" products increased from approximately HK$28.6 million for the year ended 31 March 2015 to approximately HK$49.3 million for the year ended 31 March 2016. The product categories under such business division include fine wine, audio equipment, menswear apparel and accessories and cigars and smoker's accessories. Among those products, B&O performed the best in terms of revenue contribution, particularly attributable to e-commerce sales of "B&O PLAY". It is the intention of the Company to continue to strengthen and expand such business with a view to further enhancing the growth of the Group and creating value for Shareholders.

The Board (other than Mr. Choy Sze Chung, Jojo, Mr. Lam Kwok Cheong and Mr. Lee Thomas Kang Bor, whom are the independent non-executive Directors forming the Listing Rules Independent Board Committee who shall form their view after receiving the letter of advice from the Independent Financial Adviser; and Mr. Tong, Mr, Zhu Lei and Mr. Qi Jian Wei who are considered to have material interest in the Acquisition and shall abstain from giving their views (collectively, "Interested Directors")) are of the view that the Acquisition is in line with the Group's business strategy and considers that the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole for the following reasons:

(a) Enable the Group to take the advantages over strategic collaboration with B&O through the acquisition of Sale Shares

B&O is the manufacturer of the "Bang & Olufsen" and "B&O PLAY" branded audio and visual consumer electronics products and whose shares are listed and traded on Nasdaq Copenhagen. The Group has been distributor for certain products of B&O for about 3.5 years. Upon Completion, the Company will own approximately 15.09% of total issued shares of B&O and become the single largest shareholder of B&O. Accordingly, the Directors (excluding the independent non-executive Directors and the Interested Directors) are of the view that the acquisition of the Sale Shares presents a unique and good opportunity for the Group to establish a further closer partnership with a well-known manufacturer of luxury goods, in pursuing an all-embracing strategic collaboration in areas such as strategic planning and marketing. Such strategic collaboration is in line with its existing business and will enable the Group to enhance its business growth in distributing products produced by B&O through its networks in the PRC, especially e-commence.

(b) Capture the opportunity arising from potential business growth in B&O products in the PRC through acquisition of the Sale Equity

The PRC JV is a non-exclusive retailer of "B&O PLAY" branded audio and visual consumer electronics products in the PRC. PRC JV recorded a strong growth in revenue for the year ended 31 March 2016, being an approximately 70% increase compared with the previous year, and made a turnaround from net loss to net profit from 2015 to 2016 as well. As at the date of this joint announcement, the PRC JV is owned as to 51% by the Onshore Purchaser and as 49% by the Onshore Vendor. Upon Completion, the PRC JV will become the indirectly wholly-owned subsidiary of the Company. Therefore, the Company is confident that the acquisition of the Sale Equity will allow the Group to capture the opportunities arising from the potential business growth in B&O products in the PRC.

In view of the abovementioned reasons, the Directors (other than those listed in the below who have abstained from voting on the relevant board resolutions of the Company for the reasons set out below) are of the view that the Acquisition is in line with the business strategy of the Group and the Acquisition is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the Vendors are wholly-owned by Mr. Qi, who is also a substantial Shareholder and is interested in 863,088,000 Shares, representing approximately 28.96% of the total issued share capital of the Company as at the date of this joint announcement, thus the Vendors are connected persons of the Company under the Listing Rules and the Acquisition contemplated under the Sale and Purchase Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios in respect of the Acquisition exceeds exceeded 25% but less than 100%, the Acquisition constitutes a major transaction for the Company and is therefore is subject to reporting, announcement and Independent Shareholders' approval by way of poll requirements under Chapter 14 of the Listing Rules.

Mr. Tong, an executive Director and Chairman of the Group, is also an existing director of B&O. He also directly holds 9,760,000 Shares and 10,274,400 Shares are held by Rapid Alert International Limited, a company controlled by a discretionary trust of which Mr. Tong is the founder. Therefore, he holds 20,034,400 Shares, representing approximately 0.67% of interest in Shares as at the date of this joint announcement.

Mr. Gao Yu, a non-executive Director of the Group, also holds 26,000 shares in B&O, approximately 0.06% of the issued share capital of B&O. Although Mr. Gao Yu is a shareholder of B&O, he is not considered to have material interest in the Acquisition because the success of the Acquisition is not expected to have impact on the value of his investment in the B&O shares.

Kingston Securities, which will make the Offer on behalf of the Offeror subject to Completion, together with its associates hold 2,992,000 Shares (or approximately 0.10% of the issued share capital of the Company) as at the date of this joint announcement.

At the SGM, any Shareholders with a material interest in the Acquisition are required to abstain from voting in respect of the resolution(s) approving the Acquisition. Each of Mr. Tong, Mr. Qi, Kingston Securities and their respective associates will abstain from voting in respect of the resolution(s) approving the Acquisition at the SGM.

At the Board meeting convened to approve the Sale and Purchase Agreement, Mr. Tong was considered to have a material interest in the Acquisition by virtue of his directorship in B&O. Mr. Zhu Lei, an executive Director, is the brother-in-law of Mr. Qi. Mr. Qi Jian Wei, a non-executive Director, is the elder brother of Mr. Qi. Mr. Zhu Lei and Mr. Qi Jian Wei do not hold any of the Shares as at the date of this joint announcement. Accordingly, each of Mr. Zhu Lei and Mr. Qi Jian Wei was considered to have a material interest in the Acquisition by virtue of their relationship with Mr. Qi. In view of their above material interest in the Acquisition, each of Mr. Tong, Mr. Zhu Lei and Mr. Qi Jian Wei have abstained from voting on the board resolution(s) of the Company approving the Acquisition as contemplated under the Sale and Purchase Agreement.

POSSIBLE MANDATORY CONDITIONAL CASH OFFER

As at the date of this joint announcement, and taking into account of: (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 will be making the Offer on behalf of the Offeror) and its associates, the Offeror, Mr. Qi and 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.

Immediately upon the Completion, 1,161,408,597 Consideration Shares will be issued to the Offshore Vendor which is wholly owned by Mr. Qi, and the interests of the Offeror, Mr. Qi and parties acting in concert with any of them in the total issued share capital of the Company will be increased from approximately 29.06% to approximately 48.95% (assuming that no additional Shares other than the Consideration Shares will be issued since the date of the Sale and Purchase Agreement up to the Completion).

Subject to Completion, the Offeror will be 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 parties acting in concert with any of them holding more than 50% of the voting rights.

As at the date of this joint announcement, the Company has 2,979,828,850 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares, as at the date of this joint announcement.

Warning: The Offer is a possibility only.

The Offer will only be made if the Sale and Purchase Agreement is completed. The completion of the Sale and Purchase Agreement is conditional upon the fulfillment (or, where applicable, waiver) of the conditions referred to in the paragraph headed "Conditions precedent" under the section headed "Sale and Purchase Agreement" in this joint announcement. Accordingly, the Offer may or may not be made. Shareholders and potential investors are advised to exercise caution in dealing in the securities of the Company.

The Offer, if made, will be on the terms mentioned below.

Principal terms of the Offer

Subject to and upon the Completion, Kingston Securities, on behalf of the Offeror and in compliance with the Takeovers Code, will make the Offer on the terms set out in the Composite Document.

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

The Offer Price of HK$0.45 is the same as the Issue Price. Pursuant to Rule 26.3 of the Takeovers Code, the Offer Price is the highest price paid by the Offeror, Mr. Qi and parties acting in concert with any of them for the Shares within 6 months prior to the commencement of the offer period (as defined in the Takeovers Code).

The Offer, if made, will be extended to all Shareholders (other than the Offeror and Mr. Qi) in accordance with the Takeovers Code. The Offer will extend to all Shares in issue on the date on which the Offer are made, being the date of despatch of the Composite Document, other than those Shares held by the Offeror and Mr. Qi.

The Shares to be acquired under the Offer shall be fully paid, free from all liens, charges and encumbrances.

Comparisons of value

The Offer Price of HK0.45 represents:

(i) a discount of approximately 40.79% to the closing price of HK$0.76 per Share as quoted on the Stock Exchange on the date of this joint announcement;

(ii) 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 date of this joint announcement;

(iii) 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 date of this joint announcement;

(iv) 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 date of this joint announcement; and

(v) a premium of approximately 23.73% over the consolidated net asset value of the Group as at 31 March 2016 extracted from the 2016 Annual Report.

Highest and lowest Share prices

During the six months period prior to the commencement of the Offer Period and up to and including the date of this joint announcement, the highest closing price of the Shares was HK$0.76 per Share as quoted on the Stock Exchange on 20 October 2016 and the lowest closing price of the Shares was HK$0.43 per Share as quoted on the Stock Exchange on 1 August 2016.

Value of the Offer

Assuming the Completion having taken place, excluding the 2,024,496,597 Shares held by the Offeror Mr. Qi, the number of Shares subject to the Offer is 2,116,740,850.

Based on the Offer Price of HK$0.45 per Offer Share for 2,116,740,850 Offer Shares, the Offer is valued at HK$952,533,382.5.

Confirmation of financial resources

The Offeror would finance the consideration payable by it under the Offer by internal resources and the Facility. Pursuant to the terms and conditions of the Facility, the 855,864,000 Shares owned by the Offeror as at the date of this joint announcement, all of the Consideration Shares to be allotted and issued upon Completion, and the Offer Shares to be acquired by the Offeror under the Offer shall be deposited with Kingston Securities as collateral for the Facility. The payment of interest on, repayment of, or security for any liability (contingent or otherwise) for, the Facility will not depend on any significant extent on the business of the Group. As at the date of this joint announcement, save for the aforementioned Shares owned by the Offeror as at the date of this joint announcement being charged to Kingston Securities, and the 2,992,000 Shares owned by Kingston Securities and its associates, Kingston Securities did not have any interest in any Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Kingston Corporate Finance, 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 and the consideration for the full acceptance of the Offer.

Effects of accepting the Offer

By accepting the Offer, the Shareholders shall sell their 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, subject to the provisions of the Takeovers Code.

Condition of the Offer

The Offer is conditional on valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of such number of Shares which, together with Shares already owned by the Offeror, Mr. Qi and parties acting in concert with any of them and acquired or agreed to be acquired before or during the Offer, will 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.

Pursuant to Rule 15.3 of the Takeovers Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptances for not less than 14 days thereafter. Accordingly, if the Offer is declared unconditional in all respects on or before the 7th day after the posting of the Composite Document, then the Closing Date would be on (but no earlier than) the First Closing Date. If the Offer is declared unconditional in all respects later than the 7th day after the posting of the Composite Document, then the Closing Date would be at least 14 days after the date of such declaration.

The Offer may or may not become conditional. Shareholders, and/or potential investors of the Company should therefore exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their stockbroker, bank manager, solicitor or other professional advisers.

Hong Kong 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 acceptances, 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), will be deducted from the amount payable to the 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.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but within seven (7) Business Days following the later of the date when the Offer becomes or is declared unconditional and the date of receipt of a duly completed acceptance of the Offer Shares. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offer complete and valid.

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

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. It is emphasized that none of the Company, the Offeror, the Vendors or the Guarantor or any of their respective directors, officers or associates (as defined under the Takeovers Code) or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Dealing and interest in the Company's securities

Save for the Sale and Purchase Agreement, none of the Offeror, Mr. Qi or parties acting in concert with any of them has dealt in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the six months prior to the date of this joint announcement.

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 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 in respect of such jurisdictions).

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.

Other arrangements or agreements

As at the date of this joint announcement:

(i) neither the Offeror, Mr. Qi nor any parties acting in concert with any of them has received any irrevocable commitment to accept the Offer;

(ii) there is no outstanding derivative in respect of the securities in the Company entered into by the Offeror, Mr. Qi or any of the parties acting in concert with any of them;

(iii) there are no arrangements (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or the shares of Offeror which might be material to the Offer;

(iv) there is no agreement or arrangement to which the Offeror (nor any of the parties acting in concert with any of them) is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;

(v) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, Mr. Qi (or any of the parties acting in concert with any of them) has borrowed or lent; and

(vi) neither the Offeror, Mr. Qi nor any of the parties acting in concert with any of them holds any convertible securities, warrants or options in the Company.

INFORMATION ON THE GROUP

The Group is principally engaged in the distributorships of luxury goods. The operations are mainly based in Hong Kong, the PRC and Malaysia.

The following table is a summary of certain financial information of the Group for the two financial years ended 31 March 2016 as extracted from the 2016 Annual Report:

	Year ended 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
	(audited)	(audited)
Revenue	2,605,701	2,376,904
Net loss before taxation	(458,303)	(33,193)
Net loss after taxation	(458,622)	(33,680)

	As at 31 March 2015	**As at 31 March 2016**
	HK$'000	*HK$'000*
	(audited)	(audited)
Net assets	1,130,345	1,083,726

INFORMATION ON THE OFFEROR

The Offeror, a company incorporated in the British Virgin Islands, is solely owned by Mr. Qi. Mr. Qi is a substantial Shareholder, owning 863,088,000 Shares, 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 do not hold any of the Shares as at the date of this joint announcement. Kingston Securities, which will make the Offer on behalf of the Offeror subject to Completion, together with its associates hold 2,992,000 Shares (or approximately 0.10% of the issued share capital of the Company) as at the date of this joint announcement.

In connection with the Offer, Kingston Corporate Finance is the financial adviser to the Offeror and, subject to Completion, Kingston Securities will make the Offer on behalf of the Offeror. Kingston Corporate Finance and Kingston Securities are deemed to be parties acting in concert with the Offeror in respect of the Offer. As at the date of this joint announcement, Kingston Securities and its associates are interested in 2,992,000 Shares.

As at the date of this joint announcement, the Offeror, Mr. Qi and parties acting in concert with any of them are interested in an aggregate of 866,080,000 Shares, representing about approximately 29.06%.

FUTURE INTENTIONS OF THE OFFEROR REGARDING THE GROUP

The Offeror intends to continue with the existing business of the Group and does not intend to introduce significant changes to the existing operations. It is also the intention of the Offeror that there will not be significant changes in the management and employees of the Group as a result of the Offer.

PUBLIC FLOAT AND MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer. The Directors and the Offeror will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that not less than 25% of the Shares will be held by the public.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the listed issuer, 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 trading in the Shares until a level of sufficient public float is attained.

GENERAL

SGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate. At the SGM, any Shareholders with a material interest in the Acquisition are required to abstain from voting in respect of the resolution(s) approving the Acquisition. As Mr. Tong was considered to have a material interest in the Acquisition by virtue of his directorship in B&O and Mr. Qi has material interest in the Acquisition and is a party to the Sale and Purchase Agreement, each of Mr. Tong, Mr.Qi and their associates shall abstain from voting at the SGM for approving the Sale and Purchase Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate.

Listing Rules Independent Board Committee and Takeovers Code Independent Board Committee

The Company has established (i) the Listing Rules Independent Board Committee comprising all the independent non-executive Directors who are not interested in the Acquisition, namely Mr. Choy Sze Chung, Jojo, Mr. Lam Kwok Cheong and Mr. Lee Thomas Kang Bor, to consider, and advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, in the interests of the Company and the Shareholders as a whole and how to vote on the resolution(s) regarding the Sale and Purchase Agreement at the SGM; and (ii) the Takeovers Code Independent Board Committee comprising of two of its non-executive Directors, namely Mr. Zhang Si Jian and Mr. Gao Yu and all independent non-executive Directors, namely Mr. Choy Sze Chung, Jojo, Mr. Lam Kwok Cheong and Mr. Lee Thomas Kang Bor, none of whom has a direct or indirect interest in the Offer, to consider the terms of the Offer and to make recommendation to the Independent Shareholders in respect of the Offer and to advise the Independent Shareholders as to whether or not the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. The Company's other non-executive director, Mr. Qi Jian Wei, will not be a member of the Takeovers Code Independent Board Committee by virtue of his family relationship with Mr. Qi.

The Independent Financial Adviser will be appointed to advise both the Listing Rules Independent Board Committee and the Takeovers Code Independent Board Committee and the Independent Shareholders in this regard.

Circular

It is expected that the Circular containing, among others, (i) the details of the Sale and Purchase Agreement and the Specific Mandate; (ii) financial and other information of B&O and the PRC JV; (iii) financial and other information of the Group; (iv) pro forma financial information of the Group; (v) the letter of recommendation from the Listing Rules Independent Board Committee to the Independent Shareholders in respect of the Sale and Purchase Agreement; (vi) the letter of advice from the Independent Financial Adviser to the Listing Rules Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement; and (vii) the notice convening the SGM will be dispatched to the Shareholders on or before 10 November 2016.

Despatch of Composite Document

It is the intention of the Offeror and the Board that the offer document from the Offeror and the board circular from the Company be combined in a composite offer document. Pursuant to Rule 8.2 of the Takeovers Code, the composite document setting out, among other things, (i) details of the Offer (including the expected timetable and terms of the Offer); (ii) financial information of the Group; (iii) a letter of recommendation from the Takeovers Code Independent Board Committee to the Independent Shareholders in relation to the Offer; and (iv) a letter of advice from the Independent Financial Adviser to the Takeovers Code Independent Board Committee in relation to the Offer, together with the form of acceptance, shall be despatched to the Shareholders within 21 days after date of this joint announcement or such later date as may be permitted by the Takeovers Code and agreed by the Executive and in compliance with the requirements of the Takeovers Code and other applicable regulations.

Pursuant to Note 2 to Rule 8.2 of the Takeovers Code, the consent of the Executive is required if the making of the Offer is subject to the prior fulfillment of certain pre-conditions and the pre-conditions cannot be fulfilled within the time period required by Rule 8.2 of the Takeovers Code. As the making of the Offer is conditional upon the Completion, it is expected that an application will be made to the Executive to extend the deadline for the despatch of the Composite Document, together with the form(s) of acceptance and transfer for the Offer, to a date within 7 days upon the Completion or 18 April 2017, whichever is the earlier. Further announcement(s) will be made by the Offeror and the Company on the timing of the despatch of the Composite Document.

Disclosure of dealings

In accordance with Rule 3.8 of the Takeovers Code, associates (as defined under the Takeovers Code) of the Company and the Offeror (including but not limited to a person who owns or controls 5% or more of any class of relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror) are hereby reminded to disclose their dealings in any securities of the Company pursuant to the requirements of the Takeovers Code. The full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

"Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation."

APPOINTMENT OF FINANCIAL ADVISERS

Kingston Corporate Finance has been appointed as the financial adviser to the Offeror. Oriental Patron Asia Limited has been appointed as the financial adviser to the Company.

WARNING: THE OFFER IS A POSSIBILITY AND IT WILL ONLY BE MADE IF THE COMPLETION TAKES PLACE AND THE COMPLETION IS CONDITIONAL UPON THE FULFILLMENT OR WAIVER (WHERE APPLICABLE) OF CERTAIN CONDITIONS UNDER THE SALE AND PURCHASE AGREEMENT. ACCORDINGLY, SALE AND PURCHASE AGREEMENT MAY OR MAY NOT BE COMPLETED AND THE OFFER MAY OR MAY NOT PROCEED. THE SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY THEREFORE URGED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY. IF SHAREHOLDERS AND POTENTIAL INVESTORS ARE IN ANY DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

DEFINITIONS

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

"Acquisition"	:	the proposed acquisition of the Sale Shares and the Sale Equity by the Purchasers from the Vendors pursuant to the Sale and Purchase Agreement;
"associate(s)"	:	such term has the meaning ascribed to it under the Listing Rules;
"acting in concert"	:	has the meanings ascribed to it under the Takeovers Code;
"B&O"	:	Bang & Olufsen A/S, a company incorporated in Denmark, whose registered office is at Peter Bangs Vej 15 DK-7600, Denmark and whose shares are listed and traded on Nasdaq Copenhagen (stock code: BOAS);

"B&O Shares"	:	shares of a nominal value DKK 10 each in the issued share capital of B&O;
"Board"	:	the board of Directors;
"Business Day(s)"	:	a business day is a day on which the Stock Exchange is open for the transaction of business;
"Circular"	:	circular to be despatched by the Company to the Shareholders which will contain, among other things, (i) further details of the Sale and Purchase Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder, and as to voting in the SGM; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder; (iv) a notice of the SGM; and (v) other information as required under the Listing Rules and the Takeovers Code, for the purpose of the SGM;
"Closing Date"	:	the date to be stated in the Composite Document as the First Closing Date or any subsequent closing date as and may be announced by the Offeror and approved by the Executive under the Takeovers Code;
"Company" or "Sparkle Roll"	:	"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 (stock code: 0970);
"Completion"	:	completion of the sale and purchase of the Sale Shares and the Sale Equity pursuant to the Sale and Purchase Agreement;
"Completion Date"	:	the fifth Business Day after the date on which the last of the outstanding condition precedent set out in the Sale and Purchase Agreement shall have been fulfilled or (as applicable) waived or such other date as the Parties may agree on which Completion shall occur;
"Conditions Precedent"	:	the conditions precedent to which Completion of the Sale and Purchase Agreement is subject;

"connected person(s)"	:	such term has the meaning ascribed to it under the Listing Rules;
"Consideration"	:	the aggregate of the Sale Shares Consideration and the Sale Equity Consideration;
"Consideration Share(s)"	:	a total of 1,161,408,597 Shares to be allotted and issued by the Company to the Offshore Vendor pursuant to the Sale and Purchase Agreement;
"Denmark"	:	the Kingdom of Denmark;
"Director(s)"	:	directors of the Company;
"DKK"	:	Danish Krone, the lawful currency of Denmark;
"Executive"	:	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates;
"Facility"	:	a standby loan facility up to HK$754 million granted by Kingston Securities to the Offeror to finance its financial obligations under the Offer;
"First Closing Date"	:	the first closing date of the Offer;
"Group"	:	the Company and its subsidiaries;
"HK$"	:	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	:	the Hong Kong Special Administrative Region of the PRC;
"Independent Financial Adviser"	:	an independent financial adviser who will be appointed by the Company to consider and advise the Listing Rules Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Sale and Purchase Agreement; and in respect of the Offer, the Takeovers Code Independent Board Committee and the Independent Shareholders on the terms of the Offer which, in particular, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer;

"Independent Shareholders"	:	Shareholder(s) other than (i) the Offeror, Mr. Qi, their respective associates and parties in concert with any of them; and (ii) those who are interested in or involved in the Acquisition and/ or the Offer who are required to abstain from voting at the SGM pursuant to the Listing Rules and the Takeovers Code;
"Issue Price"		HK$0.45 each per Consideration Share
"Kingston Corporate Finance"	:	Kingston Corporate Finance Limited, a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the financial adviser to the Offeror;
"Kingston Securities"	:	Kingston Securities Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) regulated activity under the SFO which shall make the Offer on behalf of the Offeror;
"Listing Committee"	:	such term has the meaning ascribed to it under the Listing Rules;
"Listing Rules"	:	the Rules Governing the Listing of Securities on the Stock Exchange;
"Listing Rules Independent Board Committee"	:	an independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Choy Sze Chung, Jojo, Mr. Lam Kwok Cheong and Mr. Lee Thomas Kang Bor, to consider and advise on the fairness and reasonableness of the terms of the Sale and Purchase Agreement;
"Long Stop Date"	:	31 March 2017, or such later date as the Parties may agree in writing, being the last day to fulfil or (if applicable) waive the conditions precedent of the Sale and Purchase Agreement;
"Mr. Qi" or "Guarantor"	:	Mr. Qi Jian Hong (綦建虹), a substantial Shareholder, and the ultimately beneficial owner of the Offeror;
"Nasdaq Copenhagen"	:	a licensed stock market in Denmark;

"Offer"	:	the possible mandatory conditional cash general offer to be made by Kingston Securities for and on behalf of the Offeror to acquire all the issued Shares not already owned or agreed to be acquired by the Offeror and Mr. Qi in accordance with the Takeovers Code;
"Offer Share(s)"	:	Share(s) not already owned or agreed to be acquired by the Offeror and Mr. Qi;
"Offer Price"	:	the price at which the Offer will be made, being HK$0.45 per Offer Share;
"Offshore Vendor" or "Offeror"	:	Sparkle Roll Holdings Limited, a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Qi;
"Onshore Purchaser"	:	Sparkle Roll Xin Tian Di Commerce Development Limited* (北京耀萊新天地商業發展有限公司), a company established in the PRC with limited liability and is indirectly wholly-owned of the Company;
"Onshore Vendor"	:	Beijing Sparkle Roll Investment Limited* (北京耀萊投資有限公司), a company established in the PRC with limited liability and is wholly-owned by Mr. Qi;
"Overseas Shareholder(s)"	:	Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong;
"Parties"	:	the parties to the Sale and Purchase Agreement, namely the Purchasers, Vendors and the Guarantor; and each a "Party";
"percentage ratio(s)"	:	has the meaning ascribed to it under the Listing Rules;
"PRC"	:	the People's Republic of China (for the purpose of this joint announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan);
"PRC JV"	:	Balanorm Beo (Beijing) Trading Development Limited* (衡准寶聲(北京)貿易發展有限公司), a joint venture established in the PRC;
"Pre-completion Period"	:	the period from the date of the Sale and Purchase Agreement to the Completion Date;

"Purchasers"		the Company and the Onshore Purchaser
"Purchaser Group"		the group of companies comprising the Purchasers, the Company and its subsidiaries;
"RMB"	:	Renminbi, the lawful currency of the PRC;
"Sale and Purchase Agreement"	:	the conditional sale and purchase agreement entered into between the Purchasers, the Vendors, and the Guarantor in relation to the acquisition of Sale Shares and the Sale Equity dated 20 October 2016;
"Sale Equity"	:	a portion in the paid up capital of the PRC JV to the extent of RMB24,500,000, constituting 49% of the entire paid up capital in the amount of RMB50,000,000 in the PRC JV, contributed by and registered in the name of the Onshore Vendor;
"Sale Equity Consideration"	:	the consideration for the sale and purchase of the Sale Equity;
"Sale Shares"	:	a total of 6,519,358 B&O Shares beneficially owned by the Offshore Vendor;
"Sale Shares Consideration"	:	the consideration for the sale and purchase of the Sale Shares;
"SFC"	:	Securities and Futures Commission of Hong Kong;
"SFO"	:	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"SGM"	:	the special general meeting of the Company to be convened for the purpose of approving, among other matters, the Acquisition, the issue and allotment of the Consideration Shares, the Sale and Purchase Agreement and the transaction contemplated therein;
"Share(s)"	:	ordinary share(s) of HK$0.002 each in the share capital of the Company;
"Shareholder(s)"	:	holder(s) of the issued Shares;

"Specific Mandate"	:	the specific mandate proposed to be sought by the Board from the Independent Shareholders at the SGM to allot and issue the Consideration Shares pursuant to the terms of the Sale and Purchase Agreement;
"Stock Exchange"	:	The Stock Exchange of Hong Kong Limited;
"substantial shareholder(s)"	:	such term has the meaning ascribed to it under the Listing Rules;
"Takeovers Code"	:	the Hong Kong Codes on Takeovers and Mergers and Share Buyback;
"Takeovers Code Independent Board Committee"	:	an independent committee of the Board comprising two of the Company's non-executive Directors, namely, Mr. Zhang Si Jian and Mr. Gao Yu and all the independent non-executive Directors, namely Mr. Choy Sze Chung, Jojo, Mr. Lam Kwok Cheong and Mr. Lee Thomas Kang Bor, to consider the terms of the Offer and to make recommendation to the Independent Shareholders in respect of the Offer and to advise the Independent Shareholders as to whether or not the terms of the Offer are fair and reasonable and as to the acceptance of the Offer;
"Vendors"	:	collectively, Offshore Vendor and Onshore Vendor;
"Warranties"	:	the warranties given by the Vendors under the Sale and Purchase Agreement as to the title to the Sale Shares and the Sale Equity; and
"%"	:	per cent.

* *For identification purpose only*

For the purposes of this joint announcement, unless otherwise indicated, conversion of RMB and HK$ is calculated at the exchange rate of HK$1 = RMB0.86 (i.e. RMB1 to HK$1.16279); and conversion of DKK and HK$ is calculated at the exchange rate of HK$1 = DKK0.857 (i.e. DKK1 to HK$1.167). The exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, or may be exchanged at this or any other rate at all.

By order of the Board of
Sparkle Roll Group Limited
Tong Kai Lap
Executive Director

By order of the Board of
Sparkle Roll Holdings Limited
Mr. Qi Jian Hong
Director

Hong Kong, 20 October 2016

As at the date of this joint 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. Zhu Lei. 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror or any of its associates and parties acting in concert with any of them), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than opinions expressed by the Offeror or any of its associates and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any such statement contained in this joint announcement misleading.

As at the date of this joint announcement, Mr. Qi is the sole director of the Offeror.

The director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group and parties acting in concert with it), and confirm, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Group and the parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any such statement contained in this joint announcement misleading.