THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **BRANDING CHINA GROUP LIMITED**, you should at once hand this circular with the enclosed proxy form to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser(s) or transferee(s).

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of Branding China Group Limited.

品牌中国
BRANDING CHINA

BRANDING CHINA GROUP LIMITED
品牌中國集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8219)

MAJOR TRANSACTION —
ACQUISITION OF A WIRELESS MARKETING GROUP IN THE PRC BY BRANDING CHINA GROUP LIMITED INVOLVING THE ISSUE AND ALLOTMENT OF CONSIDERATION SHARES

NOTICE OF EXTRAORDINARY GENERAL MEETING

All terms used herein have the meanings set out in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 1 to 28 of this circular. A notice convening the EGM to be held at the conference room of the Company at No. 54 Shaoxing Road, Huangpu District, Shanghai, PRC on Wednesday, 5 June 2013 at 10:00 a.m. is set out on pages N-1 to N-2 of this circular. A proxy form for use at the EGM is also enclosed with this circular. Whether or not you are able to attend the EGM, you are encouraged to complete and return the enclosed proxy form in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the EGM. Completion and return of the enclosed proxy form will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and the Company's website at www.brandingchinagroup.com.

20 May 2013

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

"Acquisition"	the acquisition of the Sale Share and the Ju Liu Information Acquisition pursuant to the terms of the Agreement
"Agreement"	the conditional share sale and purchase agreement dated 19 April 2013 and entered into between the Company, the Vendor and the Warrantor in respect of the Acquisition
"Board"	the board of Directors from time to time
"Business Day(s)"	a day (other than a Saturday, Sunday, public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"Cash Consideration"	the cash portion of the Consideration to be paid by the Company to the Vendor in the total amount of HK$55,682,732 (equivalent to RMB45,000,000) at an exchange rate representing the central parity rate announced by the People's Bank of China on the date of the MOU, subject to adjustment pursuant to the Agreement
"Company"	Branding China Group Limited (品牌中國集團有限公司), a limited company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
"Completion"	completion of the acquisition of the Sale Share pursuant to the Agreement
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Consideration"	the total consideration of HK$200,045,371 (equivalent to RMB161,666,667), comprising the Cash Consideration and the issue and allotment of the Consideration Shares, for the Acquisition (subject to adjustment pursuant to the Agreement), at an exchange rate representing the central parity rate announced by the People's Bank of China on the date of the MOU

"Consideration Shares"	46,810,194 new Shares to be issued by the Company to the Vendor at the issue price of HK$3.084 per Share
"Director(s)"	the director(s) of the Company from time to time
"EGM"	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Agreement, the transactions contemplated thereunder and the Specific Mandate
"Enlarged Group"	the Group as enlarged by the Acquisition
"Escrow Agent"	the escrow agent to be appointed by the Company to hold the Consideration Shares in escrow pursuant to the Agreement
"Existing Target Group"	the Target Company and its subsidiaries as at the Latest Practicable Date
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Company"	Grand Rapids Holdings (HK) Limited (巨流無線控股(香港)有限公司), a company incorporated in Hong Kong with limited liability and its entire issued share capital is owned by the Target Company as at the Latest Practicable Date
"Independent Third Party"	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, is third party independent of the Company and its connected persons

"Ju Liu Information"	上海巨流信息科技有限公司 (Shanghai Ju Liu Information Technology Company Limited), a company established in the PRC with limited liability, its equity interests are owned as to 1% by the Warrantor and 99% by Shanghai Da Tou as at the Latest Practicable Date
"Ju Liu Information Acquisition"	the acquisition of the entire equity interests of Ju Liu Information from the Warrantor and Shanghai Da Tou by the PRC Company
"Last Trading Day"	18 April 2013, being the last trading day of the Shares on GEM immediately prior to the date of the Agreement
"Latest Practicable Date"	15 May 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Long Stop Date"	28 June 2013 (or such later date as the Vendor and the Company may agree)
"MOU"	the non-legally binding memorandum of understanding dated 21 March 2013 entered into between the Company and the Warrantor in relation to the Acquisition
"PRC"	the People's Republic of China, which for the purpose of this circular shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"PRC Company"	上海有熊企業管理咨詢有限公司 (Shanghai You Xiong Enterprises Management Consultancy Company Limited), a company established in the PRC with limited liability, its entire equity interests are owned by the Hong Kong Company as at the Latest Practicable Date
"Sale Share"	1 share in the share capital of the Target Company, representing the entire issued share capital of the Target Company
"Shanghai Da Tou"	上海大頭信息科技有限公司 (Shanghai Da Tou Information Technology Company Limited), a company established in the PRC with limited liability, its entire equity interests are owned by the Warrantor as at the Latest Practicable Date

"Shareholders"	holders of the issued Shares
"Shares"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
"Specific Mandate"	the specific mandate proposed to be granted to the Directors by the Shareholders to issue and allot the Consideration Shares at the EGM
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Grand Rapids Mobile International Holdings Ltd. (巨流無線國際控股有限公司), a company incorporated in the British Virgin Islands with limited liability and its entire issued share capital is owned by the Vendor as at the Latest Practicable Date
"Target Group"	collectively the Existing Target Group and Ju Liu Information
"Vendor"	Always Bright Enterprises Limited (永光企業有限公司), a company incorporated in the British Virgin Islands with limited liability and its entire issued share capital is owned by the Warrantor as at the Latest Practicable Date
"Warrantor"	Mr. Huang Wei (黃維), an Independent Third Party
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

In this circular, the English names of the PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

品牌中国
BRANDING CHINA

BRANDING CHINA GROUP LIMITED
品牌中國集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8219)

Executive Directors
Mr. Fang Bin *(Chairman)*
Ms. He Weiqi
Mr. Song Yijun

Non-executive Director
Mr. Fan Youyuan

Independent non-executive Directors
Mr. Zhou Ruijin
Mr. Lin Zhiming
Ms. Hsu Wai Man, Helen

Registered Office
Clifton House
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Grand Cayman KY1-1108
Cayman Islands

Headquarter
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Huangpu District
Postal Code- 200020
Shanghai, PRC

Principal Place of Business in Hong Kong
Suites 2001-2005
20th Floor, Jardine House
1 Connaught Place
Hong Kong

20 May 2013

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION —
ACQUISITION OF A WIRELESS MARKETING GROUP IN THE PRC BY BRANDING CHINA GROUP LIMITED INVOLVING THE ISSUE AND ALLOTMENT OF CONSIDERATION SHARES

NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 21 March 2013, 19 April 2013 and 22 April 2013 in relation to, *inter alia*, the Acquisition involving the issue and allotment of Consideration Shares.

On 19 April 2013 (after trading hours), the Company entered into the Agreement with the Vendor and the Warrantor pursuant to which the Company has agreed to acquire the Sale Share from the Vendor and subsequently the entire equity interests of Ju Liu Information at the Consideration comprising the Cash Consideration and the issue and allotment of the Consideration Shares.

The purpose of this circular is to provide you with further details in relation to, among other things, (i) further details of the Acquisition and the transactions contemplated under the Agreement, including but not limited to, the proposed issue and allotment of the Consideration Shares; (ii) information required under Chapter 19 of the GEM Listing Rules; and (iii) the notice of the EGM.

THE AGREEMENT

Date: 19 April 2013 (after trading hours)

Parties:

Purchaser: The Company

Vendor: The Vendor

Warrantor: The Warrantor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Warrantor, the Vendor, Shanghai Da Tou and their respective ultimate beneficial owners, is a third party independent of the Company and the connected persons of the Company.

THE ACQUISITION

Pursuant to the Agreement, the Acquisition consists of the acquisition of Sale Share and the Ju Liu Information Acquisition. Set out below is an outline of the details of the Acquisition:

1. The acquisition of the Sale Share:

The Company conditionally agreed to acquire the Sale Share, being the entire issued share capital of the Target Company, from the Vendor.

Further details are set out in the paragraph headed "The acquisition of Sale Share" below.

2. Completion:

The Completion, being the completion of the acquisition of the Sale Share, shall take place before 6:00 p.m. on the third Business Day after all the conditions precedent set out in the paragraph headed "Conditions Precedent to the acquisition of the Sale Share" have been fulfilled or waived (if applicable).

Upon Completion, the Company will hold the entire issued share capital of the Target Company, and all members of the Existing Target Group, being the Target Company, the HK Company and the PRC Company, will become wholly owned subsidiaries of the Company at the same time.

Further details are set out in the paragraph headed "Completion" below.

3. Ju Liu Information Acquisition:

Subsequent to the Completion and as a condition for the payment of the Consideration, comprising the Cash Consideration and the issue and allotment of the Consideration Shares, the Vendor and the Warrantor shall procure Shanghai Da Tou and the Warrantor to sell the entire equity interests of Ju Liu Information to the PRC Company. The payment of the Consideration will only be made after the Acquisition, i.e. the acquisition of the Sale Share and the Ju Liu Information Acquisition.

Further details are set out in the paragraph headed "The Ju Liu Information Acquisition" below.

4. Payment of the Consideration:

The payment of the Consideration, comprising the Cash Consideration and the issue and allotment of the Consideration Shares, shall take place before 6:00 p.m. on the fifth Business Day after all the conditions set out in the paragraph headed "Conditions for payment of the Consideration comprising issue and allotment of the Consideration Shares" have been fulfilled or waived (if applicable).

Upon completion of the Ju Liu Information Acquisition on or before the Long Stop Date, the Company will indirectly hold the entire equity interests of Ju Liu Information through the Target Company, the HK Company and the PRC Company, and Ju Liu Information will then become an indirectly wholly owned subsidiary of the Company.

Further details are set out in the paragraph headed "Consideration" below.

The Directors consider that the above arrangement is in the interests of the Company and the Shareholders as a whole. As the Ju Liu Information Acquisition is a condition for the payment of the Consideration and hence the Consideration shall not be paid by the Company to the Vendor prior to the completion of the Ju Liu Information Acquisition, and as the Vendor and the Warrantor shall procure Shanghai Da Tou and the Warrantor to sell the entire equity interests of Ju Liu Information to the PRC Company pursuant to the terms of the Agreement, the Company consider the risk that the Company could not complete the Ju Liu Information Acquisition is relatively low. As the Ju Liu Information Acquisition is a condition for the payment of the Consideration, the Directors consider that the proposed structure provides adequate safeguards to ensure that the Vendor and the Warrantor will procure the Ju Liu Information Acquisition to be completed pursuant to the Agreement.

The acquisition of Sale Share

Pursuant to the Agreement, the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Share. The Sale Share represents the entire issued share capital of the Target Company. The Vendor and the Warrantor have undertaken that, notwithstanding the other terms of the Agreement, the liabilities of any company within the Existing Target Group (if any) at Completion and/or at the time of the issue and allotment of the Consideration Shares shall be deducted from the Cash Consideration to be paid by the Company and any outstanding amount after such deduction shall be borne by the Vendor and the Warrantor.

The Ju Liu Information Acquisition

Subsequent to the Completion and as a condition for the payment of the Consideration (comprising the Cash Consideration and the issue and allotment of the Consideration Shares), the Vendor and the Warrantor shall procure Shanghai Da Tou and the Warrantor to sell the entire equity interests of Ju Liu Information to the PRC Company at a consideration with reference to the book value of the net assets of Ju Liu Information as disclosed in its tax return as at 30 April 2013 (or any other date agreed by the Vendor and the Company). As at 31 March 2013, the unaudited net assets of Ju Liu Information as shown in its management accounts was RMB13,893,521. The Vendor and the Warrantor have undertaken that all tax liabilities, costs or fees arising from and in relation to the Ju Liu Information Acquisition as well as the consideration of the Ju Liu Information Acquisition shall be borne by the Vendor and the Warrantor.

The Vendor shall ensure that there are no outstanding liabilities due to the shareholders of any company within the Target Group (except liabilities arising from or in relation to the payment of the retained earnings of Ju Liu Information) and any such liabilities shall be settled in full as at Completion and/or at the time of the issue and allotment of the Consideration Shares (as the case may be).

Shanghai Da Tou and the Warrantor are entitled to the retained earnings of Ju Liu Information as at 31 December 2012 as audited by the auditors specified by the Company in accordance with the International Financial Reporting Standards. The retained earnings of Ju Liu Information as at 31 December 2012 were RMB10,348,129. The audited Company expects that the retained earnings of Ju Liu Information as at 31 December 2012 may be paid within 12 months after the completion of the Acquisition (which comprises the acquisition of the Sale Share and the Ju Liu Information Acquisition). The payment of such retained earnings must be approved unanimously by the board of directors of Ju Liu Information, where the majority of such directors shall be appointed by the Company, and must be to the satisfaction of the Company in its absolute discretion. Such retained earnings shall be paid out of the operating cash flow of Ju Liu Information and shall not be paid by way of loans. The payment of retained earnings shall also comply with the relevant rules and regulations applicable to the Company as a listed company and shall not affect the normal operations of Ju Liu Information and the Company.

CONDITIONS PRECEDENT TO THE ACQUISITION OF THE SALE SHARE

Completion shall be conditional upon, inter alia, satisfaction of the following conditions:

(a) the Company being satisfied with the results of the due diligence review (including but not limited to business, financial and legal due diligence) of the Existing Target Group;

(b) all necessary and appropriate approvals, authorisations, consents and permits having been obtained by the Company in respect of the Agreement and the issue and allotment of the Consideration Shares (including but not limited to the Shareholders' approval and the obtaining of the unconditional approval from the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consideration Shares);

(c) all necessary consents, authorisations, permits and approvals in any other forms required to be obtained pursuant to any existing agreements or arrangements of any company within the Existing Target Group, the Vendor and the Warrantor in respect for the performance of the Agreement and consummation of the transactions contemplated thereunder having been obtained;

(d) all necessary consents, authorisations, licences and approvals required to be obtained by any governmental or other competent regulatory authorities on the part of the Vendor, the Warrantor and the Existing Target Group for the performance of the Agreement and consummation of the transactions contemplated thereunder having been obtained;

(e) the obtaining of a PRC legal opinion (in form and substance satisfactory to the Company) from PRC lawyers appointed by the Company confirming that the conditions precedent as mentioned in paragraphs (c) and (d) above (save for companies that are not established in the PRC) have been duly fulfilled and confirming the conditions of the company established in the PRC within the Existing Target Group; and

(f) the warranties given by the Vendor and the Warrantor under the Agreement remaining true and accurate in all respects as at Completion.

If all the conditions precedent set out above have not been satisfied (or waived by the Company if applicable provided that the condition precedent set out in item (b) above shall not be waived) on or before 14 June 2013, or such later date as the Vendor and the Company may agree, the Agreement shall lapse and of no further effect.

Although the Company has the right to waive the conditions precedent to the acquisition of the Sale Share (save for item (b) above) pursuant to the Agreement, the Company does not intend to exercise such right and shall not waive any conditions precedent to the acquisition of the Sale Share pursuant to the Agreement. The Directors further confirm that there shall not be any waiver of the conditions precedent to the acquisition of the Sale Share that will affect the substance of the Acquisition (comprising the acquisition of the Sale Share and the Ju Liu Information Acquisition).

COMPLETION

Completion shall take place before 6:00 p.m. on the third Business Days after all the conditions precedent set out above have been fulfilled or waived (if applicable).

Upon Completion, the Company will hold the entire issued share capital in the Target Company and all members of the Existing Target Group will become the wholly owned subsidiaries of the Company and their accounts will be consolidated in the financial statements of the Group.

CONDITIONS FOR PAYMENT OF THE CONSIDERATION COMPRISING ISSUE AND ALLOTMENT OF THE CONSIDERATION SHARES

The payment of the Consideration (including the issue and allotment of the Consideration Shares) shall be conditional upon, inter alia, satisfaction of the following conditions:

(a) the conditions precedent to the acquisition of the Sale Share being satisfied and the Completion having taken place and the Vendor having agreed the Consideration Shares to be held in escrow by the Escrow Agent;

(b) the Company being satisfied with the results of the due diligence review (including but not limited to business, financial and legal due diligence) of Ju Liu Information;

(c) all necessary consents, authorisations, permits and approvals in any other forms required to be obtained pursuant to any existing agreements or arrangements of any company within the Target Group (including Ju Liu Information), the Vendor and the Warrantor in respect of the Ju Liu Information Acquisition and the transactions contemplated thereunder having been obtained;

(d) all necessary consents, authorisations, licences and approvals required to be obtained by any governmental or other competent regulatory authorities on the part of the Vendor, the Warrantor and the Target Group (including Ju Liu Information) in respect of the Ju Liu Information Acquisition and the transactions contemplated thereunder having been obtained;

(e) the obtaining of a PRC legal opinion (in form and substance satisfactory to the Company) from PRC lawyers appointed by the Company confirming that the conditions precedent as mentioned in paragraphs (c) and (d) above (save for companies that are not established in the PRC) have been duly fulfilled and confirming the conditions of Ju Liu Information;

(f) the warranties given by the Vendor and the Warrantor under the Agreement remaining true and accurate in all respects as the time of the issue of the Consideration Shares; and

(g) the Vendor, the Warrantor having executed and/or delivered all documents as required to the Purchaser, including, among others,

    (i) the equity transfer agreement agreement executed by Shanghai Da Tou and the Warrantor (as sellers) and the PRC Company (as purchaser) in relation to the sale and purchase of the entire equity interests of Ju Liu Information;

    (ii) the respective director's resolutions and shareholder's resolutions of Shanghai Da Tou, and Ju Liu Information approving the Ju Liu Information Acquisition;

    (iii) the approval in relation to the transfer of the entire equity interests of Ju Liu Information to the PRC Company issued by the Administration for Industry and Commerce in the PRC governing Ju Liu Information (the "PRC Authority"); and

    (iv) the new business licence and the new articles of association of Ju Liu Information approved by the PRC Authority, and filing records stamped by the PRC Authority, all showing that the PRC Company is the sole beneficial owner of Ju Liu Information.

If all the conditions set out above have not been satisfied (or waived by the Company if applicable provided that the condition in item (a) shall not be waived) on or before the Long Stop Date, the Agreement shall lapse and of no further effect, and the Company shall be entitled to issue a notice in writing to the Vendor within 20 days after the Long Stop Date to require the Vendor to repurchase the Sale Share at a consideration of HK$1, and the Vendor shall, within 5 Business Days thereafter, complete such transfer.

Although the Company has the right to waive the conditions to the payment of the Consideration (save for item (a) above) pursuant to the Agreement, the Company does not intend to exercise such right and the Company shall not waive any conditions to the payment of the Consideration pursuant to the Agreement. The Directors further confirm that there shall not be any waiver of the conditions to the payment of the Consideration that will affect the substance of the Acquisition (comprising the acquisition of the Sale Share and the Ju Liu Information Acquisition).

CONSIDERATION

The payment of the Consideration, comprising the Cash Consideration and the issue and allotment of the Consideration Shares, shall take place before 6:00 p.m. on the fifth Business Day after all the conditions set out in the paragraph headed "Conditions for payment of the Consideration comprising issue and allotment of the Consideration Shares" above have been fulfilled or waived (if applicable), including the condition for the completion of the Ju Liu Information Acquisition.

The Consideration in the amount of HK$200,045,371 (subject to adjustment pursuant to the Agreement) shall be satisfied by the Company by way of the Cash Consideration and the issue and allotment of the Consideration Shares in the following manner:

1. After the Completion having taken place and within 3 Business Days after the conditions for payment of the Consideration (comprising the issue and allotment of the Consideration Shares) having been satisfied (or waived by the Company if applicable), the Company shall pay in cash HK$27,841,366 (subject to adjustment pursuant to the Agreement) to the Vendor and issue and allot the Consideration Shares to the Vendor as part of the Consideration in the amount of HK$144,362,639, and the Consideration Shares shall be held in escrow by the Escrow Agent;

2. Within 14 Business Days after the relevant Audited Financial Statements Consent Date (as defined below), if the consolidated net profit in the Audited Financial Statements (as defined below) for the year ended 31 December 2013 of the Target Group is not less than the relevant Warranted Profit (as defined below), the Company shall pay in cash HK$13,920,683 to the Vendor (subject to adjustment pursuant to the Agreement) (the "Second Cash Consideration"). If the abovementioned consolidated net profit of the Target Group is less than the relevant Warranted Profit, the Second Cash Consideration shall be subject to adjustment pursuant to the Agreement (further details of which are set out in the paragraphs headed "Warranted Profit" below); and

3. Within 14 Business Days after the relevant Audited Financial Statements Consent Date, if the consolidated net profit in the Audited Financial Statements for the year ended 31 December 2014 of the Target Group is not less than the relevant Warranted Profit, the Company shall pay in cash HK$13,920,683 to the Vendor (subject to adjustment pursuant to the Agreement) (the "Third Cash Consideration"). If the abovementioned consolidated net profit of the Target Group is less than the relevant Warranted Profit, the Third Cash Consideration shall be subject to adjustment pursuant to the Agreement (further details of which are set out in the paragraphs headed "Warranted Profit" below).

The Company shall pay the Cash Consideration using its internal resources.

In relation to the Cash Consideration (being approximately 27.84% of the total amount of Consideration), the exchange rate adopted was the central parity rate announced by the People's Bank of China on the date of the MOU, i.e. HK$1 equals to RMB0.80815.

The Board considers that the Acquisition is in line with the business strategies of the Company, namely expanding the scale of the Group's digital media business, diversifying the industries of its clientele as well as extending the Group's business presence to other major cities in the PRC. The Consideration was agreed upon between the Vendor and the Company on arm's length basis and determined with reference to, amongst other things, the following factors:

(i) Ju Liu Information is based in Shanghai and its clientele covers a wide range of industries in various key cities including Beijing, Guangzhou and Chengdu. Its principal business activities are carried out on its self-developed wireless advertising platform, *MediaPower*, which leverages on wireless media networks such as MMS magazines (手機彩信雜誌), mobile WAP websites and APP clients (APP客戶端) to provide clients with wireless advertising placement and effect marketing services. Since its establishment in April 2011, Ju Liu Information has achieved rapid business growth and satisfactory financial performance. Based on the accountant's report of Ju Liu Information set out in Appendix II to this Circular, for the year ended 31 December 2012, the revenue and net profit of Ju Liu Information were approximately RMB68.10 million and RMB11.61 million, respectively, as compared to total revenue of approximately RMB0.49 million and net loss of approximately RMB0.76 million for the year ended 31 December 2011. On top of this, the Vendor and the Warrantor have undertaken that the net profit of the Target Group for three years ending 31 December 2015 will not be less than be RMB18 million, RMB25 million and RMB32 million respectively pursuant to the Agreement and the Board therefore believes that the Target Group will continue to demonstrate strong financial growth;

(ii) the prevailing market conditions of mobile internet which represents the main digital media through which the services of the Target Group provides are favourable. This is demonstrated in the significant number of users of mobile internet in the PRC from approximately 431 million in 2011 to over 500 million in 2012. Such number is expected to exceed 648 million in 2013. In terms of income, in 2012, the PRC mobile internet market generated a total income of approximately RMB54.97 billion, representing a substantial growth of 96.4% as compared to 2011. As to the number of users of mobile phones in the PRC, it grew by approximately 11.1% from approximately 986 million in 2011 to 1.095 billion in 2012. According to the research report issued by iResearch Consulting Group, an independent third party market research institute, the growth rates of the wireless advertising industry in the PRC from 2013 to 2015 are estimated to be 137.7%, 93.7% and 48% respectively. The Board is therefore confident in the business prospects of the Target Group; and

(iii) as wireless marketing services industry in the PRC is an emerging industry, to the best knowledge and belief of the Directors, there is currently no listed company in the PRC which is principally engaged in the provision of wireless marketing services and whose business is directly comparable to the Target Group's business. However, for reference purposes, the Group has reviewed the financial performance of PRC listed peers in the integrated marketing communications market as well as those of the Company in determining the Consideration of HK$200,045,371 (equivalent to RMB161,666,667) which represented price earnings multiple of approximately 13.9 times of the audited net profit of Ju Liu Information of approximately RMB11.61 million for the financial year ended 31 December 2012.

Consideration Shares

The issue price of the Considerations Shares of HK$3.084 per Share represents:

(i) a discount of approximately 0.19% to the closing price of HK$3.09 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of approximately 2.80% over the closing price of HK$3.00 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a premium of approximately 2.80% over the average closing price of approximately HK$3.00 per Share for the last five consecutive trading days up to and including the Last Trading Day; and

(iv) a premium of approximately 0.92% over the average closing price of approximately HK$3.056 per Share for the last ten consecutive trading days up to and including the Last Trading Day.

The issue price of HK$3.084 per Consideration Share was arrived at by the parties of the Agreement after arm's length negotiations taking into account, among other things, the average closing price of HK$3.084 of the Shares for the twenty consecutive trading days preceding the date of the MOU (being 21 March 2013).

The Consideration Shares of 46,810,194 Shares (being approximately 72.16% of the total amount of Consideration) represent (i) approximately 23.41% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 18.97% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares. The Consideration Shares, when issued, will rank pari passu in all respects with the existing Shares then in issue.

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

Warranted Profit

Pursuant to the Agreement, each of the Vendor and the Warrantor has jointly and severally undertaken that the consolidated net profit of the Target Group (including Ju Liu Information) in the Audited Financial Statements for the financial years ending 31 December 2013, 2014 and 2015 shall not be less than RMB18,000,000, RMB25,000,000 and RMB32,000,000, respectively (each of the above amounts is referred to as the "Warranted Profit" and the aggregated amount of which is referred to as the "Warranted Profit Sum"). Each The Warranted Profit shall only include income from the operating activities of the Target Group, and shall not include any other extraordinary gain or loss (as defined under the International Financial Reporting Standards) of the Target Group.

For the purpose of determining whether the Warranted Profit has been met, the Vendor, the Warrantor and the Company agreed, among other things, that:

(a) the Company shall procure the Target Company to issue to the Vendor the audited financial statements of the Target Group (including Ju Liu Information) for the financial years ending 31 December 2013, 2014 and 2015 (each of the above is referred to as the "Audited Financial Statements") in accordance with the International Financial Reporting Standards, respectively, as soon as possible but in any event no later than 90 days after the end of such financial year. The relevant costs for preparing the Audited Financial Statements shall be borne by the Target Group.

(b) The Vendor shall issue a notice (the "Notice") to the Company to confirm whether it accepts the contents of the Audited Financial Statements within 10 days after its receipt of the Audited Financial Statements.

(c) If the Company does not receive any Notice from the Vendor within 10 days after its receipt of the Audited Financial Statements, the Vendor shall be deemed to agree to the contents of the Audited Financial Statements in its entirety.

(d) The Vendor shall set out the relevant items and reasons in the Notice if it does not accept the contents of the Audited Financial Statements within 10 days after its receipt of the Audited Financial Statements. The Vendor, the Company and Ju Liu Information, together with the relevant auditors, shall discuss and resolve such disputes in good faith. If the parties resolve such disputes within 30 days after the day when the Vendor gives such Notice (or such longer period where the parties agree in writing), the Vendor shall issue another notice to the Company to confirm that it accepts the contents of the Audited Financial Statements.

(e) If the Company and the Vendor are unable to resolve such disputes within 30 days after the day when the Vendor gives Notice (or such longer period where the parties agree in writing), the Company and the Vendor shall appoint any auditors among the "Big Four" international auditors, namely PricewaterhouseCoopers, KPMG, Deloitte or Ernst & Young, save for those which are the auditors of the Vendor, the Company or the Target Company (the "Independent Auditors") to resolve such disputes and to amend the Audited Financial Statements and the decision of the Independent Auditors shall be final. The relevant costs for appointing the Independent Auditors shall be borne by the Vendor.

(f) The date on which the parties are considered to have agreed on the contents of the Audited Financial Statements for each of the respective financial years ending 2013, 2014 and 2015 (the "Audited Financial Statements Consent Date") shall be:

    (i) the date on which the Company receives the Notice from the Vendor confirming that it agrees to the contents of the Audited Financial Statements;

(ii) the date on which the Vendor is deemed to agree to the contents of the Audited Financial Statements pursuant to paragraph (c) above; or

(iii) in the event that Independent Auditors are appointed, the date on which the Independent Auditors makes the decision regarding the resolution of the disputes on the Audited Financial Statements pursuant to paragraph (e) above.

The amount of each Warranted Profit does not constitute profit forecasts of Ju Liu Information under the GEM Listing Rules and such amount should not be regarded in any way as an indication of the Target Group (including Ju Liu Information)'s projected profit or any part of the Group's projected profit as enlarged by the Acquisition for the relevant financial years.

Cash Compensation For the Year Ending 31 December 2013

In the event that the consolidated net profit of the Target Group pursuant to the Audited Financial Statements for the year ending 31 December 2013 is lower than RMB18,000,000, cash compensation shall be paid by the Vendor and the Warrantor to the Company in HK$ and the amount of such cash compensation shall be calculated by the following formula:

$$\underset{(Note)}{\text{RMB38,800,000}} \times \frac{\begin{array}{c}\text{RMB18,000,000 - Audited Consolidated Net Profit}\\ \text{of the Target Group in the Audited Financial Statements}\\ \text{for the year ending 31 December 2013}\end{array}}{\text{RMB18,000,000}}$$

Note: This amount represents approximately 24.00% (being the approximate proportion of Warranted Profit for the year ending 31 December 2013 to the Warranted Profit Sum) of the total amount of Consideration.

The exchange rate of such cash compensation shall be determined with reference to the central parity rate announced by the People's Bank of China on the relevant Audited Financial Statements Consent Date for the year ending 31 December 2013. In any event, the amount of the above cash compensation shall not exceed the amount of HK$186,124,688, representing the total amount of Consideration less the Third Cash Consideration.

In the event that the consolidated net profit of the Target Group pursuant to the Audited Financial Statements for the year ending 31 December 2013 is lower than RMB18,000,000 and if the amount of the above calculated cash compensation is lower than the amount of the Second Cash Consideration, the amount of cash compensation shall be deducted from the Second Cash Consideration to be paid by the Company.

In the event that the consolidated net profit of the Target Group pursuant to the Audited Financial Statements for the year ending 31 December 2013 is lower than RMB18,000,000 and if the amount of the above calculated cash compensation is higher than the amount of the Second Cash Consideration, the Company shall not be required to pay the Second Cash Consideration and the Vendor and the Warrantor shall pay the shortfall of such amount to the Company in cash no later than 14 Business days after the relevant Audited Financial Statements Consent Date.

Cash Compensation For the Year Ending 31 December 2014

In the event that the consolidated net profit of the Target Group pursuant to the Audited Financial Statements for the year ending 31 December 2014 is lower than RMB25,000,000, the amount of cash compensation shall be paid by the Vendor and the Warrantor to the Company in HK$ and the amount of such cash compensation shall be calculated by the following formula:

$$\underset{(Note)}{\text{RMB53,888,889}} \quad \times \quad \frac{\text{RMB25,000,000 - Audited Consolidated Net Profit of the Target Group in the Audited Financial Statements for the year ending 31 December 2014}}{\text{RMB25,000,000}}$$

Note: This amount represents approximately 33.33% (being the approximate proportion of Warranted Profit for the year ending 31 December 2014 to the Warranted Profit Sum) of the total amount of Consideration.

The exchange rate of such cash compensation shall be determined with reference to the central parity rate announced by the People's Bank of China on the relevant Audited Financial Statements Consent Date for the year ending 31 December 2014. In any event, the amount of the above cash compensation shall not exceed the amount of HK$200,045,371, representing the total amount of Consideration.

In the event that the consolidated net profit of the Target Group pursuant to the Audited Financial Statements for the year ending 31 December 2014 is lower than RMB25,000,000 and if the amount of the above calculated cash compensation is lower than the amount of the Third Cash Consideration, the amount of cash compensation shall be deducted from the Third Cash Consideration to be paid by the Company.

In the event that the consolidated net profit of the Target Group pursuant to the Audited Financial Statements for the year ending 31 December 2014 is lower than RMB25,000,000 and if the amount of the above calculated cash compensation is higher than the amount of the Third Cash Consideration, the Company shall not be required to pay the Third Cash Consideration and the Vendor and the Warrantor shall pay the shortfall of such amount to the Company in cash no later than 14 Business days after the relevant Audited Financial Statements Consent Date.

Cash Compensation For the Year Ending 31 December 2015

In the event that the consolidated net profit of the Target Group pursuant to the Audited Financial Statements for the year ending 31 December 2015 is lower than RMB32,000,000, cash compensation shall be paid by the Vendor and the Warrantor to the Company in HK$ and the amount of such cash compensation shall be calculated by the following formula:

$$\underset{(Note)}{\text{RMB68,977,778}} \times \frac{\text{RMB32,000,000 - Audited Consolidated Net Profit of the Target Group in the Audited Financial Statements for the year ending 31 December 2015}}{\text{RMB32,000,000}}$$

Note: This amount represents approximately 42.67% (being the approximate proportion of Warranted Profit for the year ending 31 December 2015 to the Warranted Profit Sum) of the total amount of Consideration.

The exchange rate of such cash compensation shall be determined with reference to the central parity rate announced by the People's Bank of China on the relevant Audited Financial Statements Consent Date for the year ending 31 December 2015. In any event, the amount of the above cash compensation shall not exceed the amount of HK$200,045,371, representing the total amount of Consideration.

For the avoidance of doubt, if the Target Group records a net loss in accordance with the relevant Audited Financial Statements, the relevant amount of cash compensation shall be calculated by the above relevant formula where the relevant audited consolidated net profit of the Target Group shall be a negative figure.

The Vendor and the Warrantor shall pay the above cash compensation no later than 14 Business days after the relevant Audited Financial Statements Consent Date.

Issue and allotment of the Consideration Shares

The Consideration Shares will be issued under the Specific Mandate. To the best of the Directors' knowledge, information and belief having made reasonable enquiries, no Shareholder would be required to abstain from voting at the EGM.

Upon the completion of the Ju Liu Information Acquisition on or before the Long Stop Date, the Company will directly or indirectly hold 100% equity interests in the Target Group (including Ju Liu Information) and all members of the Target Group (including Ju Liu Information) will become the wholly owned subsidiaries of the Company and their accounts will be consolidated in the financial statements of the Group.

Consideration Shares Held in Escrow

All Consideration Shares, since the date of issue and allotment thereof pursuant to the Agreement, shall be held in escrow by the Escrow Agent.

Under the following circumstances, the Company or its nominee shall issue a consent in writing to the Escrow Agent to allow the Escrow Agent to follow the instructions of the Vendor in relation to the sale, pledge or charge or otherwise dispose of the 6,018,454 Consideration Shares (constituting part of the Consideration Shares for the purpose of the Company's instruction to the Escrow Agent in 2014), 17,275,191 Consideration Shares (or any other remaining Consideration Shares which may have been sold, pledged or charged or otherwise disposed of by the Escrow Agent pursuant to the Agreement) (constituting part of the Consideration shares and for the purpose of the Company's instruction to the Escrow Agent in 2015) or 23,516,550 Consideration Shares (or any other remaining Consideration Shares which may have been sold, pledged or charged or otherwise disposed of by the Escrow Agent pursuant to the Agreement) (constituting part of the Consideration Shares and for the purpose of the Company's instruction to the Escrow Agent in 2016):

(1) within 14 Business Days after the relevant Audited Financial Statements Consent Date, if the consolidated net profit of the Target Group in the Audited Financial Statements for each of the 3 years ending 31 December 2015 is not less than the respective Warranted Profit; or

(2) within 40 Business Days after the Company has received all required cash compensation in full, if the consolidated net profit of the Target Group in the Audited Financial Statements for each of the 3 years ending 31 December 2015 is less than the respective Warranted Profit but the required cash compensation has been fully deducted from the Second Cash Consideration or the Third Cash Consideration or the Vendor has paid the cash compensation in full within the prescribed period.

If the Vendor fails to pay the cash compensation in full within the prescribed period pursuant to the Agreement, the Company or its nominee is entitled to instruct the Escrow Agent to sell, pledge or charge or otherwise dispose of the Consideration Shares in order to pay the Company any cash compensation (including accrued interests and costs) payable by the Vendor, until all outstanding amount has been paid to the Company. Notwithstanding the other terms in the Agreement, the Vendor and the Warrantor shall pay the outstanding amount that has not been fully paid to the Company within 14 Business Days after all Consideration Shares have been sold, pledged or charged or otherwise disposed of by the Escrow Agent.

If the Consideration Shares sold, pledged or charged or otherwise disposed of by the Escrow Agent pursuant to the Agreement in 2014, 2015 and 2016 (the "Disposed Consideration Shares") have fully covered the outstanding amount of cash compensation (including accrued interests and costs) payable by the Vendor, and the number of the Disposed Consideration Shares is less than 6,018,454 Shares (for the purpose of the Company's instruction to the Escrow Agent in 2014), 17,275,191 Shares (for the purpose of the Company's instruction to the Escrow Agent in 2015) and 23,516,550 Shares (for the purpose of the Company's instruction to the Escrow Agent in 2016), respectively, the Company or its nominee shall issue a consent in writing to the Escrow Agent to allow the Escrow Agent to follow the instructions of the Vendor in relation to the sale, pledge or charge or otherwise dispose of the number of Consideration Shares, being the difference between the 6,018,454 Shares, 17,275,191 Shares or 23,516,550 Shares and the number of the relevant Disposed Consideration Shares, within 40 Business Days after the latest date of payment of cash compensation by the Vendor as required by the Agreement.

The above numbers of 6,018,454 Consideration Shares, 17,275,191 Consideration Shares or 23,516,550 Consideration Shares, which when aggregate constitute the total amount of Consideration Shares, are determined with reference to the respective proportion of the Warranted Profit to the Warranted Profit Sum and the payment schedule of the Cash Consideration.

OTHER MATERIAL TERMS OF THE AGREEMENT

New Addition to the Board

Subject to the articles of association of the Company and upon issue and allotment of the Consideration Shares, the Board shall appoint the Warrantor as an executive Director.

The Warrantor, Mr. Huang Wei (黃維), aged 37, graduated from Fudan University in July 1998, majoring in journalism. He has been the director of Ju Liu Information since 2011. Mr. Huang was the chief editor of China Mobile 12580 Live Broadcast Magazine (中國移動12580生活播報) from March 2010 to February 2011. He was the deputy general manager of Shanghai Jiefang Media Investment Company Limited (上海解放傳媒投資有限公司), director and deputy general manager of Shanghai Jiefang Huayun Cultural Communication Company Limited (上海解放華運文化傳播有限公司) and director of Shanghai Jiefang-FocusMedia Advertising Communication Company Limited (上海解放分眾廣告傳播有限公司) from January 2006 to 2009. He was also the director and general manager of Shanghai National Business Daily Media Company Limited (上海每日經濟傳媒有限公司). He had not been a director of any listed company in the last three years. His correspondence address is 37th Floor, 500 Chengdu North Road, Huangpu District, Shanghai, the PRC.

Upon the issue and allotment of the Consideration Shares, the Vendor will beneficially own 46,810,194 Shares. The Warrantor is the sole director and sole shareholder of the Vendor. For the purpose of the SFO, the Warrantor is deemed, or taken to be, interested in the 46,810,194 Shares to be held by the Vendor under the SFO and their interests duplicate with each other.

Save as disclosed above, the Warrantor does not have any relationship with any Directors and senior management of the Company, substantial or controlling Shareholders and he has no interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO.

Non-Competition

Shanghai Da Tou has been engaging in telecommunications value-added services business which involves wireless advertising business and is considered to be engaged in competing business with that of the Enlarged Group. Therefore, the relevant non-competition provisions were made in the Agreement as set out below:

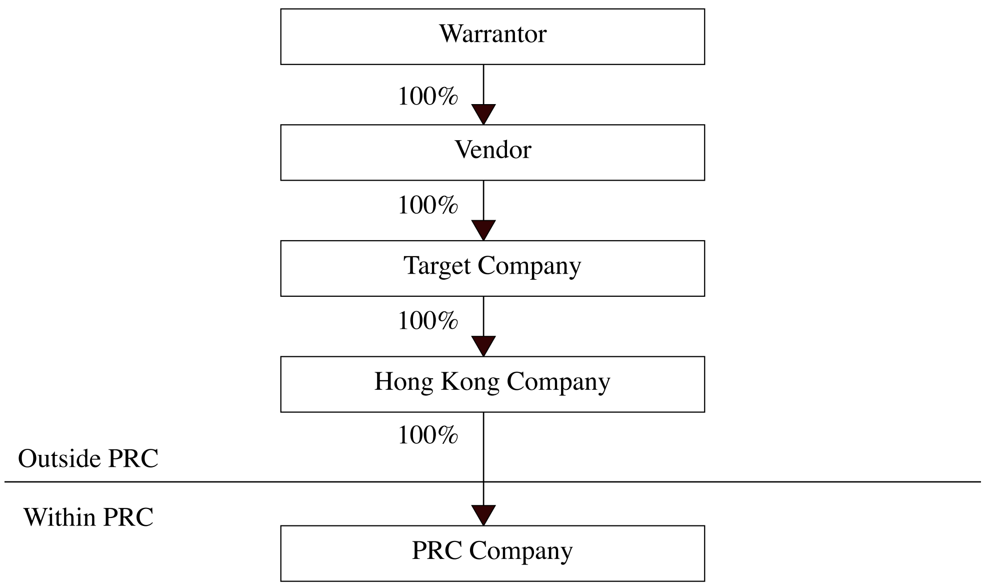
The Vendor and the Warrantor undertake to dissolve Shanghai Da Tou or dispose all of their equity interests in Shanghai Da Tou to third party independent of the Vendor and the Warrantor within 3 months after the issue and allotment of the Consideration Shares.

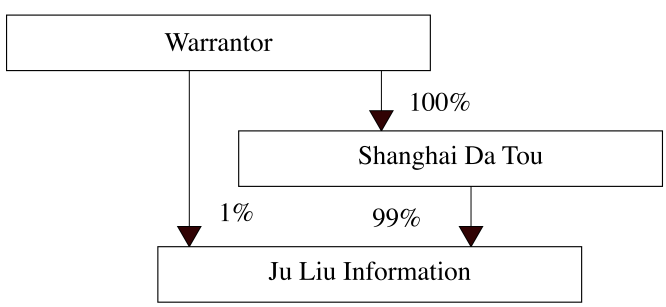
The Vendor and the Warrantor further undertake that within 20 years after the date of the Agreement or the nominee of the Vendor ceases to be the Director, the Vendor, the Warrantor and their respective associates shall not directly or indirectly carry on or invest in any entities which carry on the current business of Ju Liu Information, solicit or in any other manner employ the staff of the Target Group whether on its own behalf or not, or provide consultancy, assistance or subsidy to any entity carrying on the current business of Ju Liu Information.

GROUP STRUCTURE

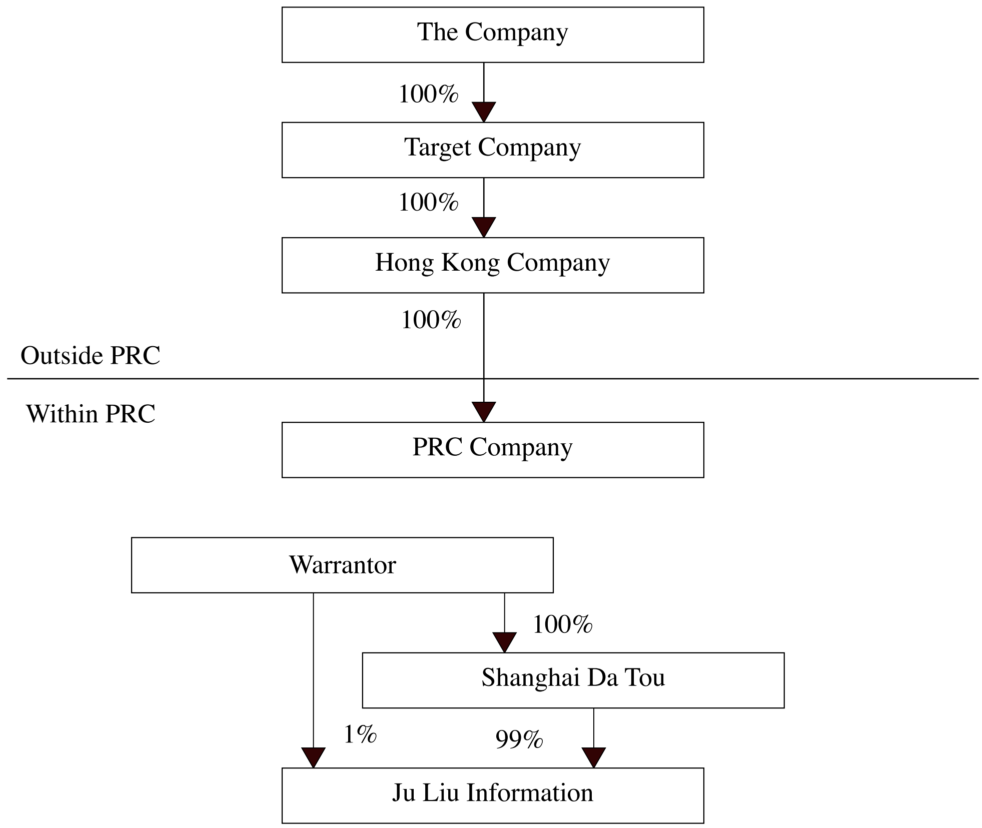
The diagram below shows separately the structure of the Target Group (1) immediately before Completion, (2) immediately after Completion, and (3) After Completion and upon issue and allotment of Consideration Shares:

(1) Immediately before Completion:

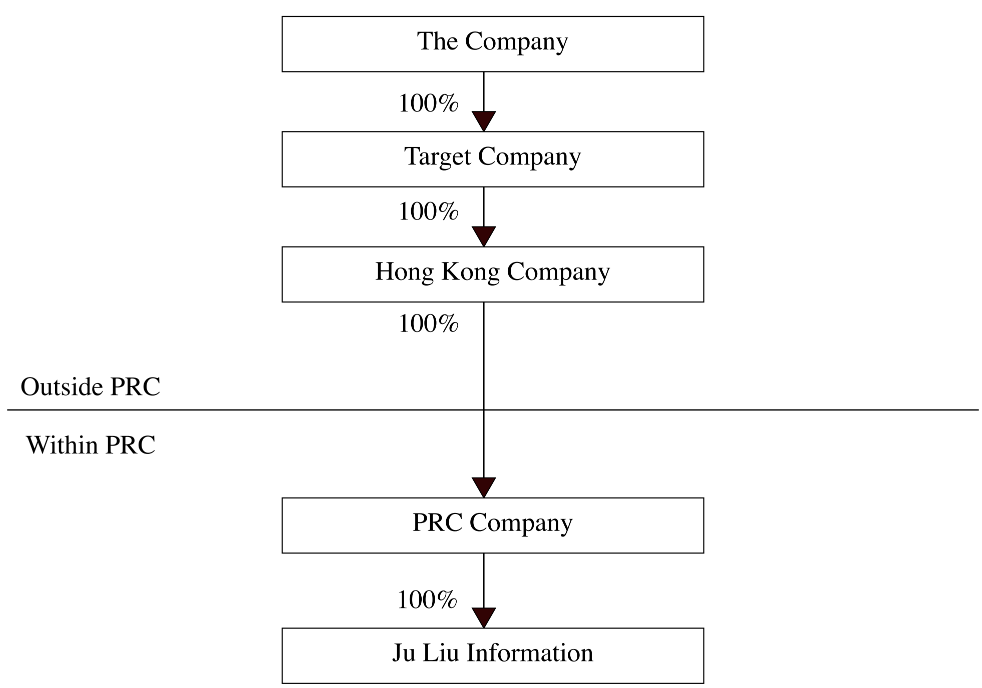




(2) Immediately after Completion:



(3) After Completion and upon issue and allotment of Consideration Shares:



EFFECT OF THE ACQUISITION ON THE SHAREHOLDING STRUCTURE

Assuming there is no change in the issued share capital of, and the shareholding in, the Company from the Latest Practicable Date other than the proposed issue and allotment of the Consideration Shares pursuant to the Agreement, the shareholding structure of the Company (a) as at the Latest Practicable Date; and (b) immediately after issue and allotment of the Consideration Shares will be as follows:

Name of the Shareholders	As at the Latest Practicable Date		Immediately after issue and allotment of the Consideration Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Lapta International Limited *(Note 1)*	112,500,000	56.25	112,500,000	45.58
Whales Capital Holdings Limited *(Note 2)*	19,500,000	9.75	19,500,000	7.90
The Vendor	—	—	46,810,194	18.97
Public Shareholders	68,000,000	34	68,000,000	27.55
Total	200,000,000	100	246,810,194	100

Notes:

1. Lapta International Limited is directly wholly owned by Mr. Fang Bin, an executive Director.

2. Whales Capital Holdings Limited is indirectly wholly owned by Mr. Fan Youyuan, a non-executive Director.

As shown in the above table, the Acquisition will not result in a change of control of the Company.

INFORMATION ON THE GROUP

The Group is principally engaged in the provision of one-stop branding services including advertising communications, PR communications and event marketing with a focus on well-known brands in the high value consumer goods sector. The Group places particular emphasis on the expansion of its digital media-based branding business and is receptive to any investment opportunity which could further such growth strategy and long-term development of the Group.

INFORMATION ON THE VENDOR AND SHANGHAI DA TOU

The Vendor was incorporated in the British Virgin Islands on 10 May 2012 and is principally engaged in investment holding.

Shanghai Da Tou was established in the PRC on 20 August 2004 and is principally engaged in investment holding and telecommunications value-added services business.

INFORMATION ON THE TARGET GROUP

The Target Company was incorporated in the British Virgin Islands on 28 September 2012 and is principally engaged in investment holding.

The Hong Kong Company was incorporated in Hong Kong on 15 October 2012 and is principally engaged in investment holding.

The PRC Company was established in the PRC on 21 December 2012 and is principally engaged in investment holding without any operation so far. To the best knowledge of the Directors' information and belief, save as the fact that as at the Latest Practicable Date, the ultimate beneficial owner of both the PRC Company and Ju Liu Information is Mr. Huang Wei, the Warrantor, there is no other relationship between the PRC Company and Ju Liu Information.

Ju Liu Information was established in the PRC on 2 April 2011.

Ju Liu Information will be the operating company of the Target Group, and it is mainly engaged in wireless marketing businesses, including wireless advertising agency, wireless effect marketing and wireless advertising production, in the PRC.

1. Wireless advertising agency: Ju Liu Information sells to its clients advertising spaces in wireless media which are purchased by Ju Liu Information from media suppliers.

2. Wireless effect marketing: Ju Liu Information capitalises on its self-developed *MediaPower* wireless advertising platform to achieve accurate placement on behalf of its clients and collect useful data relating to consumer behaviors for its clients (including clicking of links in the Internet, sending SMS, dialing the phone numbers, participating in events, etc.) for the purpose of promoting sales of client's products, and enhancing the cost effectiveness of the branding strategies of clients. This segment has become a characteristic and growth driver for the business of Ju Liu Information.

3. Wireless advertising production: With its in-house design and planning team and external production suppliers, Ju Liu Information provides wireless advertising design and production services to its advertising clients.

Clients of the Target Group are mainly well-known domestic and international brands and/ or their advertising agents. In terms of industry, they mainly include automobile, finance, fast-moving consumer goods, maternity and infant, hotel, e-commerce, digital, etc. and they are located across regions such as Shanghai, Nanjing, Chengdu, Changchun, Qingdao and Xinjiang in the PRC.

Set out below is a summary of key financial data of Ju Liu Information as extracted from the accountants' report in Appendix II to this circular. For the key financial data of the Existing Target Group, please refer to the accountants' report in Appendix III to this circular.

	For the period from 2 April 2011 (date of establishment) to 31 December 2011	**For the year ended 31 December 2012**
	RMB	*RMB*
	(Audited)	(Audited)
Result		
Revenue	493,652	68,108,195
Net (loss)/profit (before taxation and extraordinary items)	(920,920)	15,530,790
Net (loss)/profit (after taxation and extraordinary items)	(762,268)	11,610,397

	As at 31 December 2011	**As at 31 December 2012**
	RMB	*RMB*
	(Audited)	(Audited)
Assets and liabilities		
Total asset	4,274,742	56,425,114
Net asset	237,732	11,848,129

The corporate structure of the Existing Target Group was established by the Warrantor for investment purpose. As advised by the Directors, the Company considers that such corporate structure is desirable since upon completion of the Acquisition, the Group will be able to hold the PRC Company directly for investment holding purpose and the PRC Company will in turn control Ju Liu Information and advance the development of the core business of Ju Liu Information, details of which are set out in the paragraph headed "Information on the Target Group" above. This will allow the Group to have a clear delineation between the business activities of the existing operating subsidiaries of the Group and those of Ju Liu Information.

Further, as advised by the Directors, by entering into the Agreement with the Vendor and the Warrantor and procuring the PRC Company to acquire Ju Liu Information from the Vendor and the Warrantor, the Company will be in better control of the process and timing of the completion of forming of the corporate structure of the Enlarged Group by virtue of the acquisition of the entire equity interests of Ju Liu Information through the Existing Target Group.

As the Ju Liu Information Acquisition is a condition for the payment of the Consideration and hence the Consideration shall not be paid by the Company to the Vendor prior to the completion of the Ju Liu Information Acquisition, and as the Vendor and the Warrantor shall procure Shanghai Da Tou and the Warrantor to sell the entire equity interests of Ju Liu Information to the PRC Company pursuant to the terms of the Agreement, the Directors consider that there are adequate safeguards to ensure that the Vendor and the Warrantor will procure the Ju Liu Information Acquisition to be completed pursuant to the Agreement. The Directors therefore consider that the above arrangement is in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the provision of one-stop branding services including advertising communications, PR communications and event marketing with a focus on well-known brands in the high value consumer goods sector. The Group places particular emphasis on the expansion of its digital media-based branding business, endeavours to diversify its client base into more industries, and is receptive to any investment opportunity which could further such growth strategy and long-term development of the Group.

The Target Group is mainly engaged in the provision of wireless marketing services to brand owners based on its wireless advertising platform. Wireless media is one of the fast growing means of digital media and its communication effect is increasingly noticed by advertising clients. As such, the Target Group recorded substantial growth in its financial results in 2012.

The Board believes that the Acquisition will facilitate the growth of the scale of the Group's digital marketing business which will in turn accelerate the transformation of the Group to an integrated branding service provider driven by its digital marketing business and, with the aid of accurate placement, consolidate and increase market share and position of the Group in the industry amid the digital media boom.

In addition, the Group will benefit from the synergy effects arising from the Acquisition. The Group as enlarged by the Acquisition will enjoy cross-selling potentials in that each of the Group and the Target Group may offer their relevant services to the other's clients and this is expected to enhance the income growth of the Enlarged Group.

The Acquisition will extend the client base of the Group. The Target Group's business base in sectors such as financial products and fast-moving consumer goods will diversify the Group's client base, and thus help enhance the Group's ability in mitigating the market risks associated with the industry cycle on the part of single-type clients.

The Acquisition will allow the Group to speed up its nationwide expansion as the costs for establishing of additional local services outlets will be relatively lower due to the Enlarged Group's business scale and the resulting economies of scale will also be reflected in the reduction in the unit cost of media purchases.

The aggregate of the remuneration payable and benefits in kind receivable by the Directors will not be varied as a result of the Acquisition.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement (including the Consideration) are on normal commercial terms and are fair and reasonable and that the Acquisition and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION ON THE COMPANY'S ASSETS, LIABILITIES AND EARNINGS

Upon the completion of the Ju Liu Information Acquisition, the Company will directly or indirectly hold 100% equity interests in the Target Group (including Ju Liu Information) and all members of the Target Group (including Ju Liu Information) will become wholly owned subsidiaries of the Company and their accounts will be consolidated in the financial statements of the Group.

1. Effects on assets and liabilities

As disclosed in the unaudited pro forma financial information of the Enlarged Group in Appendix V to this circular, as at 31 December 2012, the audited consolidated assets and liabilities of the Group amounted to approximately RMB234,776,147 and approximately RMB47,277,036 respectively. Upon completion of the transactions contemplated under the Agreement, the total unaudited pro forma consolidated assets and liabilities of the Enlarged Group will be increased to RMB430,598,605 and RMB116,084,698 respectively.

2. Effects on earnings

The Vendor and the Warrantor have undertaken in the Agreement that, the audited net profit of the Target Group will amount to RMB18,000,000, RMB25,000,000 and RMB32,000,000, respectively, for the years ending 31 December 2013, 2014 and 2015. If each of the relevant Warranted Profit is achieved, it will contribute to an increase in profit of the Enlarged Group in the relevant periods and the equity attributable to the Company will also be increased accordingly. Each Warranted Profit does not constitute a profit forecast of Ju Liu Information under the GEM Listing Rules and such amount should not be regarded in any way as an indication of the Target Group (including Ju Liu Information)'s projected profit or any part of the Group's projected profit as enlarged by the Acquisition for the relevant financial year.

GEM LISTING RULES IMPLICATIONS

As the relevant percentage ratios for the Acquisition calculated under Rule 19.07 of the GEM Listing Rules are more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under the GEM Listing Rules and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules. The Consideration Shares will be allotted and issued under the Specific Mandate to be sought at the EGM.

EGM

The EGM will be convened and held to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder including the allotment and issue of the Consideration Shares under the Specific Mandate.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has any interest in the Agreement and the transactions contemplated thereunder and no Shareholder is required to, among other things, abstain from voting at the EGM.

The notice of the EGM to be held at the conference room of the Company at No. 54 Shaoxing Road, Huangpu District, Shanghai, PRC on Wednesday, 5 June 2013 at 10:00 a.m., is set out on pages N-1 to N-2 of this circular. A proxy form for use thereat is also enclosed. Whether or not you are able to attend and vote at the EGM in person, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed thereon and deposit the same at the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting at the meeting or any adjournment thereof should you so wish.

RECOMMENDATION

The Directors, including independent non-executive Directors, believe that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors, including independent non-executive Directors, recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in Appendices I, II, III, IV, V and VI to this circular and the notice of the EGM.

By Order of the Board
Branding China Group Limited
Fang Bin
Chairman

A. AUDITED CONSOLIDATED FINANCIAL INFORMATION

The audited consolidated financial information of the Group (i) for the year ended 31 December 2012 is disclosed in the annual report of the Company for the year ended 31 December 2012 dated 21 March 2013, from pages 50 to 93; and (ii) for the years ended 31 December 2011 and 2010 is disclosed in the prospectus of the Company dated 17 April 2012, from pages I-1 to I-46, all of which have been published on the website of the Stock Exchange (http://www.hkex.com.hk) and the website of the Company (http://www.brandingchinagroup.com).

B. INDEBTEDNESS STATEMENT

As at the close of business on 31 March 2013, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had the following borrowings:

	31 March 2013
	RMB
Guaranteed borrowings repayable within one year	35,000,000
Amount due to a director of the Target Group	407,003
	35,407,003

The guaranteed borrowings were guaranteed by Shanghai SumZone Enterprise Management Consultancy Company Limited (上海三眾企業管理諮詢有限公司), a subsidiary of the Group, among which RMB20,000,000 is the factored financing through the receivables of RMB26,700,000 under the Group. The interests rate for the above-mentioned borrowings are from 6.16% to 7.20%.

The amount due to a director of the Target Group is unsecured, interest-free and repayable on demand.

Contingent liabilities

As at the close of business on 31 March 2013, the Group did not have any material contingent liabilities.

No other outstanding indebtedness

Save as aforesaid and apart from intra-group liabilities, none of the companies in the Enlarged Group had outstanding at the close of business on 31 March 2013 any mortgages, charges or debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness or any finance lease commitments, liabilities under acceptances or acceptances credits or any guarantees or other material contingent liabilities.

The Directors confirm that there has been no material change in the indebtedness and contingent liabilities of the Group since 31 March 2013.

C. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position or prospects of the Group since 31 December 2012, the date to which the latest published audited financial statements of the Group were made up.

D. WORKING CAPITAL

The Directors are of the opinion that, after due and careful enquiry, after taking into account the Enlarged Group's internal resources, available banking facilities, the effect of the Acquisition in the absence of unforeseen circumstances, the Enlarged Group will have sufficient working capital for its present requirements for a period of twelve months from the date of this circular.

E. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

Currently, the Group is principally engaged in the provision of one-stop branding services including advertising communications, PR communications and event marketing, with a focus on well-known brands in the high value consumer goods sector. Upon completion of the transactions contemplated under the Agreement, the business of the Enlarged Group will further expedite its business development in digital media to achieve accurate placement and better communication effects.

The Board believes that following the ongoing, stable growth in the PRC economy and domestic consumption, the Group will benefit from growing market demand for branding services. Meanwhile, following with increasing popularity of digital media in the PRC, especially wireless media the Enlarged Group will be in a good position to grow its digital marketing business on the basis of the foundation built by the digital marketing business to be established by the Target Group.

The Directors will continue to closely supervise the business performance of the Enlarged Group from time to time including making assessment, improvement and adjustment to the business strategies of the Enlarged Group for the purpose of enhancing competitiveness of the Enlarged Group. The Company will continue to manage the business of the Enlarged Group in a proactive and cautious manner and continue to prudently explore investment opportunities with favorable prospects with a view to creating long term value for the Shareholders.

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20 May 2013

The Board of Directors
Branding China Group Limited

Dear Sirs,

We set out below our report on the financial information of 上海巨流信息科技有限公司(Shanghai Ju Liu Information Technology Company Limited) ("Ju Liu Information") which comprises the statement of financial position of Ju Liu Information as at 31 December 2011 and 2012, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows of Ju Liu Information for the period from 2 April 2011 (date of establishment) to 31 December 2011 and the year ended 31 December 2012 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory notes (the "Financial Information"), prepared on the basis set out in note 2 of Section II below, for inclusion in the circular of Branding China Group Limited (the "Company") dated 20 May 2013 (the "Circular") in connection with the Company's proposed acquisition of Ju Liu Information (the "Acquisition").

Ju Liu Information was established in the People's Republic of China (the "PRC") on 2 April 2011 with limited liability. Ju Liu Information is principally engaged in the provision of wireless advertising and marketing services in the PRC.

Ju Liu Information has adopted 31 December as its financial year end date. No audited financial statements for the period from 2 April 2011 (date of establishment) to 31 December 2011 and the year ended 31 December 2012 have been previously prepared.

For the purpose of this report, the director of Ju Liu Information has prepared the financial statements of Ju Liu Information for the Relevant Periods (the "Underlying Financial Statements") in accordance with basis of preparation set out in note 2 of Section II below and the accounting policies set out in note 4 of Section II below which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements with no adjustment made thereon and in accordance with the basis of preparation set out in note 2 of Section II below.

The Underlying Financial Statements are the responsibility of the director of Ju Liu Information. The directors of the Company are responsible for the contents of the Circular including the preparation and true and fair presentation of the Financial Information in accordance with the basis of preparation set out in note 2 of Section II below and the accounting policies set out in note 4 of Section II below, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility is to form an opinion on the Financial Information based on our procedures and to report our opinion to you.

For the purpose of this report, we have carried out audit procedures in respect of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have examined the Financial Information of Ju Liu Information and carried out appropriate procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, the Financial Information, for the purpose of this report, prepared on the basis set out in note 2 of Section II below and in accordance with the accounting policies in note 4 of Section II below, gives a true and fair view of the state of affairs of Ju Liu Information as at 31 December 2011 and 31 December 2012, and of the results and cash flows of Ju Liu Information for the Relevant Periods then ended.

I. FINANCIAL INFORMATION

Statement of comprehensive income

	Notes	Period from 2 April 2011 (date of establishment) to 31 December 2011 *RMB*	Year ended 31 December 2012 *RMB*
Revenue	7	493,652	68,108,195
Cost of sales		(384,690)	(46,772,602)
Gross profit		108,962	21,335,593
Other income and gains	7	358,725	61,519
Selling and distribution expenses		(491,613)	(2,794,716)
Administrative and other expenses		(706,337)	(2,834,679)
Finance costs	7	(190,657)	(236,927)
(Loss)/profit before income tax expense	8	(920,920)	15,530,790
Income tax credit/(expense)	11	158,652	(3,920,393)
(Loss)/profit and total comprehensive income for the period/year		(762,268)	11,610,397

Statement of financial position

		31 December	
		2011	**2012**
	Notes	***RMB***	***RMB***
Assets			
Non-current assets			
Property, plant and equipment	13	105,558	73,057
Other receivables	16	921,883	—
Deferred tax assets	21	158,652	—
Total non-current assets		1,186,093	73,057
Current assets			
Financial assets at fair value through profit or loss	14	—	9,000,000
Trade and bills receivables	15	240,773	43,183,288
Prepayments, deposits and other receivables	16	15,900	1,791,563
Cash and cash equivalents	17	2,831,976	2,377,206
Total current assets		3,088,649	56,352,057
Liabilities			
Current liabilities			
Trade payables	18	199,200	34,780,722
Other payables and accruals	19	152,952	4,930,341
Amounts due to related companies	20	994,712	1,274,595
Current tax liabilities		—	3,591,327
Total current liabilities		1,346,864	44,576,985

		31 December	
		2011	2012
	Notes	***RMB***	***RMB***
Net current assets		1,741,785	11,775,072
Total assets less current liabilities		2,927,878	11,848,129
Non-current liabilities			
Amount due to a related company	20	2,690,146	—
NET ASSETS		237,732	11,848,129
Capital and reserves			
Registered capital	22	1,000,000	1,000,000
Reserves		(762,268)	10,848,129
TOTAL EQUITY		237,732	11,848,129

Statement of changes in equity

	Registered capital *RMB*	Statutory Reserve (Note) *RMB*	(Accumulated loss)/retained profit *RMB*	Total equity *RMB*
At 2 April 2011 (date of establishment)	1,000,000	—	—	1,000,000
Loss and total comprehensive income	—	—	(762,268)	(762,268)
At 31 December 2011 and 1 January 2012	1,000,000	—	(762,268)	237,732
Profit and total comprehensive income	—	—	11,610,397	11,610,397
Appropriation to statutory reserve	—	500,000	(500,000)	—
At 31 December 2012	1,000,000	500,000	10,348,129	11,848,129

Note:

As stipulated by the relevant regulations in the PRC, Ju Liu Information are required to appropriate 10% of its profit after tax (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to equity owners. The statutory reserve fund can be used to make up prior years' losses, if any.

Statement of cash flows

	Notes	**Period from 2 April 2011 (date of establishment) to 31 December 2011** *RMB*	**Year ended 31 December 2012** *RMB*
(Loss)/profit before income tax expense		(920,920)	15,530,790
Adjustments for:			
Interest income		(358,725)	(31,519)
Finance costs		190,657	236,927
Depreciation		89,860	96,276
Operating (loss)/profit before working capital changes		(999,128)	15,832,474
Increase in financial assets at fair value throught profit or loss		—	(9,000,000)
Increase in trade and bills receivables		(240,773)	(42,942,515)
Increase in prepayments, deposits and other receivables		(1,089,874)	(853,780)
Increase in trade payables		199,200	34,581,522
Increase in other payables and accruals		152,952	4,777,389
Cash flows (used in)/from operating activities		(1,977,623)	2,395,090
Income taxes paid		—	(170,414)
Net cash (used in)/from operating activities		(1,977,623)	2,224,676
Cash flows from investing activities			
Purchases of property, plant and equipment		(195,418)	(63,775)
Interest received		10,305	31,519
Net cash used in investing activities		(185,113)	(32,256)

	Notes	Period from 2 April 2011 (date of establishment) to 31 December 2011 RMB	Year ended 31 December 2012 RMB
Cash flows from financing activities			
Proceeds from raise of registered capital		1,000,000	—
Proceeds from/(repayment to) related companies		3,994,712	(2,647,190)
Net cash from/(used in) financing activities		4,994,712	(2,647,190)
Net increase/(decrease) in cash and cash equivalents		2,831,976	(454,770)
Cash and cash equivalents at the beginning of period/year		—	2,831,976
Cash and cash equivalents at the end of period/year, representing cash and bank balances	17	2,831,976	2,377,206

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Ju Liu Information was established in the PRC on 2 April 2011 with limited liability. The registered office and principal place of business of Ju Liu Information is located at 37/F, 500 Chengdu North Road, Huangpu District, Shanghai, the PRC.

Ju Liu Information is principally engaged in the provision of wireless advertising and marketing services in the PRC.

2. BASIS OF PREPARATION

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with all applicable International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations (hereinafter collectively referred to as the "IFRSs") issued by the IASB. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and the disclosure requirements of the Hong Kong Companies Ordinance.

(b) Basis of measurement

The Financial Information has been prepared on the historical cost basis, except for the financial assets at fair value through profit or loss as explained in the accounting policies set out below.

(c) Functional and presentation currency

The Financial Information is presented in Reminbi ("RMB"), which is the same as the functional currency of Ju Liu Information.

3. POTENTIAL IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs

The following new/revised IFRSs, potentially relevant to Ju Liu Information's Financial Information, have been issued, but are not yet effective and have not been early adopted by Ju Liu Information.

Amendments to IAS 1 (Revised)	Presentation of Items of Other Comprehensive Income [1]
Amendments to IFRS 1	Government Loans [2]
Amendments to IFRSs	Annual Improvement to IFRSs 2009 - 2011 Cycle [2]
Amendments to IFRS 10, IFRS 12 and IAS 27 (2011)	Investment entities [3]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities [3]
Amendments to IAS 7	Offsetting Financial Assets and Financial Liabilities [2]
IFRS 9	Financial Instruments [4]
IFRS 10	Consolidated Financial Statements [2]
IFRS 12	Disclosure of Interests in Other Entities [2]
IFRS 13	Fair Value Measurement [2]
IAS 27 (2011)	Separate Financial Statements [2]
IAS 28 (2011)	Investments in Associates and Joint Ventures [2]

[1] Effective for annual periods beginning on or after 1 July 2012

[2] Effective for annual periods beginning on or after 1 January 2013

[3] Effective for annual periods beginning on or after 1 January 2014

[4] Effective for annual periods beginning on or after 1 January 2015

Amendments to IAS 1 (Revised) - Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 (Revised) require the company to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

Amendments to IFRS 1 - Government Loans

The amendments add an exception to the retrospective application of IFRSs to require that first-time adopters apply the requirements in IFRS 9 Financial Instruments and IAS 20 Accounting for Government Grants and Disclosure of Governance Assistance prospectively to government loans existing at the date of transition to IFRSs.

This means that first-time adopters will not recognise the corresponding benefit of the government loan at a below market rate of interest as a government grant. However, entities may choose to apply the requirements of IFRS 9 and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan.

IFRSs (Amendments) - Annual Improvements 2009-2011 Cycle

(i) IAS 1 - Presentation of Financial Statements

The amendments clarify that the requirement to present a third statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements is limited to circumstances where there is a material effect on the information in that statement of financial position. The date of the opening statement of financial position is the beginning of the preceding period and not, as at present, the beginning of the earliest comparative period. The amendments also clarify that, except for disclosures required by IAS 1.41-44 and IAS 8, the related notes to the third statement of financial position are not required to be presented. An entity may present additional voluntary comparative information as long as that information is prepared in accordance with IFRS. This may include one or more statements and not a complete set of financial statements. Related notes are required for each additional statement presented.

(ii) IAS 16 - Property, Plant and Equipment

The amendments clarify that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

(iii) IAS 32 - Financial Instruments: Presentation

The amendments clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes. Depending on the circumstances these items of income tax might be recognised in equity, other comprehensive income or in profit or loss.

(iv) IAS 34 - Interim Financial Reporting

The amendments clarify that in interim financial statements, a measure of total assets and liabilities for a particular reportable segment need to be disclosed when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets.

Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) - Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in IFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to IAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

Amendments to IFRS 7 - Offsetting Financial Assets and Financial Liabilities

IFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under IAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under IAS 32.

IFRS 9 - Financial Instruments

Under IFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

IFRS 10 - Consolidated Financial Statements

IFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. IFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of IFRS 10 may result in changes in those entities which are regarded as being controlled by the group and are therefore consolidated in the financial statements. The accounting requirements in the existing IAS 27 on other consolidation related matters are carried forward unchanged. IFRS 10 is applied retrospectively subject to certain transitional provisions.

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 12 integrates and makes consistent the disclosure requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

IFRS 13 - Fair Value Measurement

IFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with IFRS 7 "Financial Instruments: Disclosures". IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. IFRS 13 can be adopted early and is applied prospectively.

The director of Ju Liu Information is in the process of making an assessment of the potential impact of these pronouncements and so far concluded that they are not yet in a position to quantify the effects on the results and financial position of Ju Liu Information.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Ju Liu Information and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Office furniture and equipment	33%
Leasehold improvement	Over the lease term

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(b) Lease

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where Ju Liu Information is the lessee, rentals payable under operating leases net of any incentive received from the lessor are charged to the profit or loss on the straight-line basis over the lease terms.

(c) Impairment of non-financial assets

At the end of each reporting period, Ju Liu Information reviews the carrying amounts of the property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(d) Financial instruments

(i) Financial assets

Ju Liu Information classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and loans and receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Financial assets at fair value through profit or loss

These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Loans and receivables

Ju Liu Information's loans and receivables, including trade and bills receivables, deposits and other receivables and cash and cash equivalents are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to clients (trade debtors), and also incorporate other types of contractual monetary asset. At each reporting date subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Impairment loss on financial assets

Ju Liu Information assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; and
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have had the impairment not been recognised.

(iii) Financial liabilities

Ju Liu Information's financial liabilities including trade payables, other payables and accruals and amounts due to related companies. Ju Liu Information classified them as financial liabilities at amortised cost.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value, net of directly attributable costs incurred and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by Ju Liu Information are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

Ju Liu Information derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired.

(e) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when Ju Liu Information has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(f) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Income taxes are recognised in profit or loss except when they relate to items recognised to other comprehensive income in which case the taxes are also recognised in other comprehensive income.

(g) Employee benefits

(i) Pension schemes

The employees of Ju Liu Information are required to participate in central pension schemes operated by the local government. Ju Liu Information is required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension schemes.

(ii) Other benefits

Ju Liu Information contributes on a monthly basis to defined contribution housing, medical and other benefit plans organised by the PRC government. The PRC government undertakes to assume the benefit obligations of all existing and retired employees under these plans. Contributions to these plans by Ju Liu Information are expensed as incurred. Ju Liu Information has no further obligations for benefits for their qualified employees under these plans.

(h) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that Ju Liu Information will comply with the conditions attaching to them. Grants that compensate Ju Liu Information for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate Ju Liu Information for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(i) Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to Ju Liu Information and when the revenue can be measured reliably, on the following bases:

(i) Revenue from provision of wireless advertising agency income is recognised when the related advertisements are placed on the media.

(ii) Revenue from provision of wireless marketing services is recognised when the services are rendered and the transactions can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to Ju Liu Information.

(iii) Revenue from provision of wireless advertisement production services is recognised when the advertisement is produced and accepted by the customers.

(v) Interest income is accrued on a time basis on the principal at the applicable interest rate.

(j) Related parties

(a) A person or a close member of that person's family is related to Ju Liu Information if that person:

(i) has control or joint control over Ju Liu Information

(ii) has significant influence over Ju Liu Information; or

(iii) is a member of key management personnel of Ju Liu Information or its parent.

(b) An entity is related to Ju Liu Information if any of the following conditions apply:

(i) The entity and Ju Liu Information are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the employees of Ju Liu Information or an entity related to Ju Liu Information.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of Ju Liu Information's Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment allowances for trade and other receivables

Ju Liu Information estimates the impairment allowances for trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgments. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. Ju Liu Information reassesses the impairment allowances at the end of each reporting period.

6. SEGMENT REPORTING

The chief operating decision-maker of Ju Liu Information has been identified as the executive director of Ju Liu Information. The executive director regularly reviews revenue and operating results derived from provision of wireless advertising agency services, wireless marketing services and wireless advertisement production services on an aggregate basis and considers them as one single operating segment.

No geographical information is presented as Ju Liu Information's operations are located in the PRC.

Information about major clients

Revenue from clients contributing over 10% of total revenue of Ju Liu Information is as follows:

	Period from 2 April 2011 (date of establishment) to 31 December 2011 *RMB*	**Year ended 31 December 2012** *RMB*
Client A	200,000	—
Client B	126,002	—
Client C	50,000	—

7. REVENUE, OTHER INCOME AND GAINS AND FINANCE COSTS

Revenue, which is also Ju Liu Information's turnover. An analysis of revenue, other income and gains and finance costs is as follows:

	Period from 2 April 2011 (date of establishment) to 31 December 2011	**Year ended 31 December 2012**
	RMB	***RMB***
Revenue:		
Wireless advertising agency income	332,000	36,549,785
Wireless marketing services income	161,652	26,580,553
Wireless advertisement production services income	—	4,977,857
Total	493,652	68,108,195
Other income and gains:		
Bank interest income	10,305	31,519
Imputed interest income	348,420	—
Government grant	—	30,000
Total	358,725	61,519

	Period from 2 April 2011 (date of establishment) to 31 December 2011 *RMB*	Year ended 31 December 2012 *RMB*
Finance costs:		
Imputed interest expenses	190,657	235,880
Others	—	1,047
Total	190,657	236,927

8. **(LOSS)/PROFIT BEFORE INCOME TAX EXPENSE**

Ju Liu Information's (loss)/profit before income tax expense is arrived at after charging:

	Period from 2 April 2011 (date of establishment) to 31 December 2011 *RMB*	Year ended 31 December 2012 *RMB*
Depreciation	89,860	96,276
Minimum lease payments under operating leases for buildings	253,432	428,216
Employee benefit expenses (including director's remuneration (note 9)):		
Wages and salaries	328,680	2,342,686
Pension scheme contributions	117,036	330,996
	445,716	2,673,682

9. DIRECTOR'S REMUNERATION

Director's remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Fee	Salaries, allowances and benefit in kinds	Pension scheme contributions	Total
	RMB	*RMB*	*RMB*	*RMB*
Period from 2 April 2011 (date of establishment) to 31 December 2011				
Executive director:				
Huang Wei	—	—	—	—

	Fee	Salaries, allowances and benefit in kinds	Pension scheme contributions	Total
	RMB	*RMB*	*RMB*	*RMB*
Year ended 31 December 2012				
Executive director:				
Huang Wei	—	120,000	46,960	166,960

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

10. FIVE HIGHEST PAID EMPLOYEES

During the year ended 31 December 2012, one of the five highest paid employees was the director of Ju Liu Information.

Details of the remuneration of the remaining five, and four non-directors, being highest paid employees of Ju Liu Information during the period from 2 April 2011 (date of establishment) to 31 December 2011 and year ended 31 December 2012 respectively were as follows:

	Period from 2 April 2011 (date of establishment) to 31 December 2011	Year ended 31 December 2012
	RMB	*RMB*
Salaries, allowances and benefits in kind	104,354	427,620
Pension scheme contributions	41,464	152,826
	145,818	580,446

The remuneration of the highest paid employees fell within the band of nil to RMB801,000 (equivalents to HK$1,000,000) for each of the Relevant Periods.

During the Relevant Periods, no remuneration was paid by Ju Liu Information to the director or any of the five highest paid employees as an inducement to join or upon joining Ju Liu Information or as compensation for loss of office. None of the persons, who were director, waived or agreed to waive any emoluments during the Relevant Periods.

11. INCOME TAX (CREDIT)/EXPENSE

Taxes on profits assessable in the PRC are calculated at the rate of 25%. Pursuant to the Corporate Income Tax Law (the "new PRC Tax Law") of the PRC which became effective on 1 January 2008, the PRC corporate income tax rate of Ju Liu Information during the Relevant Periods was 25% on its taxable profits.

The amount of income tax (credit)/expense charged to the statement of comprehensive income for the Relevant Periods represents:

	Period from 2 April 2011 (date of establishment) to 31 December 2011 *RMB*	Year ended 31 December 2012 *RMB*
Current tax - PRC enterprise income tax		
— tax for the year	—	3,761,741
Deferred tax *(note 21)*	(158,652)	158,652
Income tax (credit)/expense	(158,652)	3,920,393

The income tax expense during the Relevant Periods can be reconciled to Ju Liu Information's (loss)/profit before income tax expense per the statement of comprehensive income as follows:

	Period from 2 April 2011 (date of establishment) to 31 December 2011 *RMB*	**Year ended 31 December 2012** *RMB*
(Loss)/profit before income tax expense	(920,920)	15,530,790
Tax on profit before income tax expense, calculated at 25%	(230,230)	3,882,698
Tax effect of non-deductible expenses	158,683	37,695
Tax effect of non-taxable income	(87,105)	—
Income tax (credit)/expense	(158,652)	3,920,393

As at 31 December 2012, no deferred tax liabilities has been recognised for withholding taxes that would be payable on the unremitted earnings of Ju Liu Information's amount of RMB10,348,129. It is because in the opinion of the director of Ju Liu Information, it is not probable that Ju Liu Information will distribute its earnings for the year ended 31 December 2012 to the companies that outside the PRC in the foreseeable future. Accordingly, no deferred tax liabilities have been recognised as at 31 December 2012.

12. (LOSS)/EARNINGS PER SHARE

The calculation of (loss)/earnings per share attributable to the owners of Ju Liu Information is not presented, as the registered capital of Ju Liu Information is not in the form of number of shares.

13. PROPERTY, PLANT AND EQUIPMENT

	Office, furniture and equipment *RMB*	Leasehold improvement *RMB*	Total *RMB*
Period from 2 April 2011 (date of establishment) to 31 December 2011			
Cost:			
At 2 April 2011 (date of establishment)	—	—	—
Additions	64,018	131,400	195,418
At 31 December 2011	64,018	131,400	195,418
Accumulated depreciation:			
At 2 April 2011 (date of establishment)	—	—	—
Charge for the period	8,010	81,850	89,860
At 31 December 2011	8,010	81,850	89,860
Net book value:			
At 31 December 2011	56,008	49,550	105,558
Year ended 31 December 2012			
Cost:			
At 1 January 2012	64,018	131,400	195,418
Additions	6,475	57,300	63,775
At 31 December 2012	70,493	188,700	259,193
Accumulated depreciation:			
At 1 January 2012	8,010	81,850	89,860
Charge for the year	20,941	75,335	96,276
At 31 December 2012	28,951	157,185	186,136
Net book value:			
At 31 December 2012	41,542	31,515	73,057

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2011 *RMB*	2012 *RMB*
Financial assets at fair value through profit or loss (held for trading)		
Unlisted investment fund	—	9,000,000

Ju Liu Information measured its unlisted investment fund at fair value, and the fair value of the unlisted investment fund has been determined based on the quoted price from bank at the reporting date. Ju Liu Information disposed all of its unlisted investment fund in January 2013 at a consideration of RMB9,014,587.

15. TRADE AND BILLS RECEIVABLES

	31 December 2011 *RMB*	2012 *RMB*
Trade receivables	240,773	42,733,288
Less: impairment	—	—
	240,773	42,733,288
Bills receivable	—	450,000
	240,773	43,183,288

Ju Liu Information's trading terms with its clients are mainly on credit. The credit various from 60 days to 330 days. Ju Liu Information monitors strictly its outstanding receivables to minimise credit risk.

An aged analysis of Ju Liu Information's trade receivables as at the respective end of reporting periods, based on the provision of service date, is as follows:

	31 December	
	2011	**2012**
	RMB	***RMB***
Within 1 month	240,773	7,573,420
1 to 3 months	—	13,795,038
3 to 6 months	—	16,538,730
6 months to 1 year	—	4,826,100
	240,773	42,733,288
Bills receivable	—	450,000
	240,773	43,183,288

The analysis of Ju Liu Information's trade receivables based on due date as at the respective end of reporting periods, is as follows.

	31 December	
	2011	**2012**
	RMB	***RMB***
Neither past due nor impaired *(note)*	240,773	42,733,288

Note:

The balances that were neither past due nor impaired relate to a wide range of clients for whom there was no recent history of default. Based on past experience, the director is of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. Ju Liu Information does not hold any collateral or other credit enhancements over these balances.

Ju Liu Information assessed impairment loss on individual assessment based on the accounting policy stated in Note 4(d)(ii).

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December	
	2011	**2012**
	RMB	***RMB***
Prepayments and deposits	—	803,580
Other receivables *(note)*	937,783	987,983
Total	937,783	1,791,563
Non-current portion	921,883	—
Current portion	15,900	1,791,563
Total	937,783	1,791,563

Note:

In April 2011, Ju Liu Information advanced RMB1,000,000 to an independent third party. The amount was unsecured, interest-free and repayable within two years. Ju Liu Information recognised this amount at amortised cost and such amount was fully repaid in April 2013.

17. CASH AND CASH EQUIVALENTS

	31 December	
	2011	**2012**
	RMB	***RMB***
Cash and bank balances	2,831,976	2,377,206

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

18. TRADE PAYABLES

	31 December 2011 RMB	31 December 2012 RMB
Trade payables	199,200	34,780,722

Trade payables are non-interest-bearing. Ju Liu Information is normally granted with credit terms of 0 to 360 days.

An aging analysis of Ju Liu Information's trade payables as at the end of the Relevant Periods, based on the date on which service was rendered or product was received, is as follows:

	31 December 2011 RMB	31 December 2012 RMB
Within 1 month	120,000	4,084,478
1 to 3 months	10,800	9,593,243
3 to 6 months	68,400	17,114,908
6 months to 1 year	—	3,988,093
	199,200	34,780,722

19. OTHER PAYABLES AND ACCRUALS

	31 December 2011 RMB	31 December 2012 RMB
Receipts in advance from clients	—	3,374,293
Other payables and accruals	152,952	1,556,048
	152,952	4,930,341

20. AMOUNTS DUE TO RELATED PARTIES

The amounts are unsecured, interest-free and repayable on demand, except a balance of RMB2,690,146 due to a related party as at 31 December 2011, which was repayable within two years. The amount was early repaid during the year ended 31 December 2012. The related party has a common director and owner with Ju Liu Information. The difference of RMB309,854 between the fair value of the loan at initial recognition and the loan proceeds was recognised in other income and gains for the period ended 31 December 2011 due to the favourable terms of the loan. The imputed interest income of the loan has been recognised at the rate of 6.56% per annum. The imputed interest expenses of RMB73,974 and RMB235,880 were recognised in finance costs for the period/year ended 31 December 2011 and 2012 respectively.

21. DEFERRED TAX ASSET

Details of deferred tax asset recognised and movement during the Relevant Periods were as follows:

	Tax losses
	RMB
At 2 April 2011 (date of establishment)	—
Credited to profit loss *(note 11)*	158,652
At 31 December 2011 and 1 January 2012	158,652
Charged to profit loss *(note 11)*	(158,652)
At 31 December 2012	—

22. REGISTERED CAPITAL

Upon establishment and as at 31 December 2011 and 2012, the amount represented the registered capital of Ju Liu Information of RMB1,000,000.

23. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in this report, Ju Liu Information had the following material related party transactions during the Relevant Periods:

(a) Related party transactions

(i) Transactions during the Relevant Periods

	Notes	Period from 2 April 2011 (date of establishment) to 31 December 2011	Year ended 31 December 2012
		RMB	*RMB*
Services fee paid to a related company	(a)	146,812	637,784

Notes:

The services fee was paid to a related company, with common director for advertising services provided.

(b) Balances with related parties

The outstanding balances with related parties at the end of each Relevant Periods are set out in note 20 to the Financial Information.

(c) Key management personnel compensation

Remuneration for key management personnel of Ju Liu Information, including amount paid to Ju Liu Information's director as disclosed in note 9 to the Financial Information and other senior management were as follows:

	Period from 2 April 2011 (date of establishment) to 31 December 2011	Year ended 31 December 2012
	RMB	*RMB*
Short-term employee benefits	87,803	854,805

24. OPERATING LEASE COMMITMENTS

Ju Liu Information leases certain properties under operating leases. The leases for properties usually run for an initial period of one to two years. None of the leases includes contingent rentals.

At the end of each of the Relevant Periods, the total future minimum lease payments under non-cancellable operating leases are payables as follows:

	31 December	
	2011	**2012**
	RMB	*RMB*
Within one year	126,716	429,480
In the second to fifth years, inclusive	—	61,585
	126,716	491,065

25. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each reporting period are as follows:

Financial assets

Ju Liu Information's financial assets as at the end of each of the Relevant Periods which are categorised as follows:

	31 December	
	2011	**2012**
	RMB	*RMB*
Financial assets at fair value through profit or loss	—	9,000,000
Loans and receivables	4,010,532	46,548,557
	4,010,532	55,548,557

Financial liabilities

Ju Liu Information's financial liabilities as at the end of each of the Relevant Periods which are categorised as follows:

	31 December	
	2011	**2012**
	RMB	*RMB*
Financial liabilities at amortised cost	4,037,010	37,611,365

26. FINANCIAL RISK MANAGEMENT, CAPITAL MANAGEMENT AND FAIR VALUE

Ju Liu Information has various financial assets and liabilities such as financial assets at fair value through profit or loss, trade and other receivables, trade and other payables, and balances with related companies, which arise directly from its operation.

The main risks arising from Ju Liu Information's financial instruments are foreign currency risk, credit risk, and liquidity risk. The director reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

Ju Liu Information's monetary assets, liabilities and transactions are principally denominated in RMB, which is the functional currency of Ju Liu Information. Therefore, the risk on foreign currency risk is minimal.

Credit risk

Ju Liu Information's maximum exposure to credit risk in the event of counterparties' failure to perform their obligations at the end of each of the Relevant Periods in relation to each of class of recognised financial assets is the carrying amount of those financial assets as stated in the statement of financial position.

The most significant financial assets of Ju Liu Information are trade receivables. Ju Liu Information trades only with recognised and creditworthy clients and the receivable balances are monitored on an ongoing basis and on an individual basis. Given the credit worthiness and reputation of the major debtors, management believes the risk arising from concentration is manageable and not significant.

Ju Liu Information is not exposed to significant credit risk in relation to other financial assets such as financial assets at fair value through profit or loss, other receivables and cash and cash equivalents. There was no history of default for the financial assets at fair value through profit or loss and the bank deposits are placed in the bank with high credit-ratings.

Liquidity risk

Ju Liu Information's objective is to maintain a balance between continuity of funding and flexibility through the use of cash flows from operations. Ju Liu Information regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. The tables below analyse Ju Liu Information's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the end of each of the reporting period to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total**
	RMB	*RMB*	*RMB*	*RMB*
At 31 December 2011				
Trade payables	199,200	—	—	199,200
Other payables and accruals	152,952	—	—	152,952
Amounts due to related companies	994,712	3,000,000	—	3,994,712
At 31 December 2012				
Trade payables	34,780,722	—	—	34,780,722
Other payables and accruals	4,930,341	—	—	4,930,341
Amounts due to related companies	1,274,595	—	—	1,274,595

Capital management

The primary objective of Ju Liu Information's capital management is to safeguard Ju Liu Information's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business.

Ju Liu Information manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, Ju Liu Information may adjust the dividend payment to owner, return capital to owner or raise registered capital. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

Fair value of financial instruments

The carrying amounts of the financial assets and financial liabilities carried at amortised cost, in the Financial Information approximate to their fair values due to the relative short term maturity of these financial instruments.

Fair value measurements

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset and liability that are not based on observable market data (unobservable inputs).

	Level 2
	RMB
At 31 December 2012	
Unlisted investment fund	9,000,000

There were no financial instruments carried at fair value as at 31 December 2011.

27. EVENT AFTER THE REPORTING PERIOD

On 19 April 2013, the Company entered into the sale and purchase agreement ("Agreement") with the existing shareholder of Grand Rapids Mobile International Holdings Limited (the "Vendor") pursuant to which the Company has agreed to acquire the entire issued share capital of Grand Rapids Mobile International Holdings Limited and subsequently the entire equity interests of Ju Liu Information from the Vendor. Pursuant to the Agreement, the Vendor is entitled to the retained earnings as at 31 December 2012 of Ju Liu Information amounted to RMB10,348,129. The payment of such retained earnings must be approved unanimously by the board of directors of Ju Liu Information, where the majority of directors shall be appointed by the Company.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Ju Liu Information in respect of any period subsequent to 31 December 2012.

Yours faithfully,

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20 May 2013

The Board of Directors
Branding China Group Limited

Dear Sirs,

We set out below our report on the financial information of Grand Rapids Mobile International Holdings Limited ("Grand Rapids") and its subsidiaries (hereinafter collectively referred to as the "Existing Target Group") which comprises the consolidated statement of financial position of the Existing Target Group as at 31 December 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Existing Target Group for the period from 28 September 2012 (date of incorporation of Grand Rapids) to 31 December 2012 (the "Relevant Period") and a summary of significant accounting policies and other explanatory notes (the "Financial Information"), prepared on the basis set out in note 2 of Section II below, for inclusion in the circular of Branding China Group Limited (the "Company") dated 20 May 2013 (the "Circular") in connection with the Company's proposed acquisition of the Existing Target Group (the "Acquisition").

Grand Rapids was incorporated in the British Virgin Islands (the "BVI") on 28 September 2012 with limited liability to act as an investment holding company.

As at the date of this report, Grand Rapids has direct and indirect interest in the subsidiaries as set out in note 1 of Section II below.

All companies comprising the Existing Target Group during the Relevant Period have adopted 31 December as their financial year end date. No audited financial statements for the period from 28 September 2012 (date of incorporation) to 31 December 2012 have been previously prepared for the companies comprising the Existing Target Group.

For the purpose of this report, the director of the Existing Target Group has prepared the consolidated financial statements of the Existing Target Group for the Relevant Period (the "Underlying Financial Statements"), in accordance with basis of preparation set out in note 2 of Section II below and the accounting policies set out in note 4 of Section II below which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements with no adjustment made thereon and in accordance with the basis of preparation set out in note 2 of Section II below.

The Underlying Financial Statements are the responsibility of the director of the Existing Target Group. The directors of the Company are responsible for the contents of the Circular including the preparation and true and fair presentation of the Financial Information in accordance with the basis of preparation set out in note 2 of Section II below and the accounting policies set out in note 4 of Section II below, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility is to form an opinion on the Financial Information based on our procedures and to report our opinion to you.

For the purpose of this report, we have carried out audit procedures in respect of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have examined the Financial Information of the Existing Target Group and carried out appropriate procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

Opinion in respect of the Financial Information

In our opinion, the Financial Information, for the purpose of this report, prepared on the basis set out in note 2 of Section II below and in accordance with the accounting policies in note 4 of Section II below, gives a true and fair view of the consolidated state of affairs of the Existing Target Group as at 31 December 2012, and of the consolidated results and consolidated cash flows of the Existing Target Group for the Relevant Period then ended.

I. FINANCIAL INFORMATION

Consolidated Statement of comprehensive income

	Notes	**Period from 28 September 2012 (date of incorporation) to 31 December 2012** *RMB*
Other income and gains		50
Profit before income tax expense	6	50
Income tax expense	7	—
Profit and total comprehensive income for the period		50
Earnings per share		
— Basic and duiluted	8	50

Consolidated Statement of financial position

		As at 31 December
		2012
	Notes	*RMB*
Assets		
Current assets		
Cash and cash equivalents	9	407,002
Total current assets		407,002
Liabilities		
Current liabilities		
Amount due to a director	10	406,952
Total current liabilities		406,952
Net current assets		50
NET ASSETS		50
Capital and reserve		
Issued capital	11	—
Retained profit		50
TOTAL EQUITY		50

Consolidated statement of changes in equity

	Issued capital *RMB*	Retained profit *RMB*	Total equity *RMB*
At 28 September 2012 (date of incorporation)	—	—	—
Profit and total comprehensive income	—	50	50
At 31 December 2012	—	50	50

Consolidated statement of cash flows

	Note	**Period from 28 September 2012 (date of incorporation) to 31 December 2012** *RMB*
Profit before income tax expense		50
Adjustment for:		
Exchange gain		(50)
Net cash from operating activities		—
Cash flows from financing activities		
Advances from a director		407,002
Net cash from financing activities		407,002
Net increase in cash and cash equivalents		407,002
Cash and cash equivalents at the beginning of period		—
Cash and cash equivalents at the end of period, representing cash and bank balances	9	407,002

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Grand Rapids was incorporated in the British Virgin Islands (the "BVI") on 28 September 2012 with limited liability. The registered office of Grant Rapids is located at Quastisky Building, P.O. Box 4389, Road Town, Tortola, BVI.

Grand Rapids has not carried out any business since the date of incorporation.

As at the date of this report, Grand Rapids has direct or indirect interests in the following subsidiaries, the particulars of which are set out below:

Name	Place and date of incorporation/ establishment	Issued/Registered and paid-up share capital	Attributable equity interests held by the Grand Rapids		Principal activities
			Direct	*Indirect*	
Grand Rapids Holding (HK) Limited (巨流無線控股(香港)有限公司)	Hong Kong, 15 October 2012	10,000 ordinary shares of HK$1 each, unpaid	100%	—	Investment holding
上海有熊企業管理咨詢有限公司 (Shanghai You Xiong Enterprises Management Consultancy Company Limited)	The People's Republic of China (the "PRC"), 21 December 2012	Registered capital HK$500,000, unpaid	—	100%	Investment holding

2. BASIS OF PREPARATION

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with all applicable International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations (hereinafter collectively referred to as the "IFRSs") issued by the IASB. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and the disclosure requirements of the Hong Kong Companies Ordinance.

(b) Basis of measurement

The Financial Information has been prepared on the historical cost basis.

(c) Functional and presentation currency

The Financial Information is presented in Reminbi ("RMB"), which is the same as the functional currency of Grand Rapids.

3. POTENTIAL IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs

The following new/revised IFRSs, potentially relevant to the Existing Target Group's Financial Information, have been issued, but are not yet effective and have not been early adopted by the Existing Target Group.

Amendments to IAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[1]
Amendments to IFRS 1	Government Loans[2]
Amendments to IFRSs	Annual Improvement to IFRSs 2009 - 2011 Cycle[2]
Amendments to IFRS 10, IFRS 12 and IAS 27 (2011)	Investment entities[3]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Amendments to IAS 7	Offsetting Financial Assets and Financial Liabilities[2]
IFRS 9	Financial Instruments[4]
IFRS 10	Consolidated Financial Statements[2]
IFRS 12	Disclosure of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
IAS 27 (2011)	Separate Financial Statements[2]
IAS 28 (2011)	Investments in Associates and Joint Ventures[2]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

The director of the Existing Target Group is in the process of making an assessment of the potential impact of these pronouncements and so far concluded that they are not yet in a position to quantify the effects on the results and financial position of the Existing Target Group.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The Financial Information comprise the financial statements of Grand Rapids and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full on combination. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

(b) Subsidiaries

A subsidiary is an entity over which Grand Rapids is able to exercise control. Control is achieved where Grand Rapids, directly or indirectly, has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

(c) Financial instruments

(i) Financial assets

Loans and receivables

The Existing Target Group classifies its cash and cash equivalents as loans and receivables. Loans and receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. At each reporting date subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Financial liabilities

The Existing Target Group's financial liabilities including amount due to a director. The Existing Target Group classified them as financial liabilities at amortised cost.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value, net of directly attributable costs incurred and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iii) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the Relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(iv) Derecognition

The Existing Target Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired.

(d) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Existing Target Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(e) Related parties

(a) A person or a close member of that person's family is related to the Existing Target Group if that person:

(i) has control or joint control over the Existing Target Group

(ii) has significant influence over the Existing Target Group; or

(iii) is a member of key management personnel of the Existing Target Group or its parent.

(b) An entity is related to the Existing Target Group if any of the following conditions apply:

(i) The entity and the Existing Target Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the employees of the Existing Target Group or an entity related to the Existing Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Existing Target Group's Financial Information do not have any significant judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period.

6. PROFIT BEFORE INCOME TAX EXPENSE

The Existing Target Group's profit before income tax expense is arrived at after charging:

	Period from 28 September 2012 (date of incorporation) to 31 December 2012
	RMB
Exchange gains	50
Director's emolument (note)	—

Note:

No director's remuneration has incurred for the Relevant Period. There was no arrangement under which a director waired or agreed to waive any remuneration during the Relevard Period.

7. INCOME TAX EXPENSE

No provision for Hong Kong Profits tax and the PRC corporate income tax has been made as the Existing Target Group did not generate any assessable profits arising from Hong Kong and the PRC during the Relevant Period. Taxes on profit assessable in the PRC is calculated at the rate of 25%.

The income tax expense during the Relevant Period can be reconciled to the Existing Target Group's profit before income tax expense per the consolidated statement of comprehensive income as follows:

	Period from 28 September 2012 (date of incorporation) to 31 December 2012
	RMB
Profit before income tax expense	50
Tax on profit before income tax expense, calculated at 25%	13
Tax effect of non-taxable income	(13)
Income tax expense	—

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of Grand Rapids is based on the following data:

	Period from 28 September 2012 (date of incorporation) to 31 December 2012
	RMB
Earnings for the period	50
Weighted average number of ordinary share	1
Basic earnings per share	50

There were no potential dilutive shares in existence during the Relevant Period and therefore, the amounts of diluted earnings per share are the same as basic earnings per share.

9. CASH AND CASH EQUIVALENTS

	31 December 2012
	RMB
Cash and bank balances	407,002

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

10. AMOUNT DUE TO A DIRECTOR

The amount is unsecured, interest-free and repayable on demand.

11. SHARE CAPITAL

As at 31 December 2012, the authorised share capital of Grand Rapids is 50,000 ordinary shares of USD1 each. The issue share capital of Grand Rapids is 1 ordinary share of USD1 and unpaid.

12. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 31 December 2012 are as follows:

Financial assets

The Existing Target Group's financial assets as at 31 December 2012 which are categorised as follows:

	31 December 2012
	RMB
Loans and receivables	407,002

Financial liabilities

The Existing Target Group's financial liabilities as at 31 December 2012 which are categorised as follows:

	31 December 2012
	RMB
Financial liabilities at amortised cost	406,952

13. FINANCIAL RISK MANAGEMENT, CAPITAL MANAGEMENT AND FAIR VALUE

Financial risk management

The Existing Target Group is not exposed to any significant financial risks.

Capital management

The primary objective of the Existing Target Group's capital management is to safeguard the Existing Target Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business.

The Existing Target Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Existing Target Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Period.

Fair value of financial instruments

The carrying amounts of the financial assets and financial liabilities carried at amortised cost in the Financial Information approximate their fair values due to the relative short term maturity of these financial instruments.

14. EVENT AFTER THE REPORTING PERIOD

On 19 April 2013, the Company entered into the sales and purchases agreement with the existing shareholder of Grand Rapids pursuant to which the Company has agreed to acquire the entire shares of Grand Rapids and subsequently the entire equity interests of 上海巨流信息科技有限公司(Shanghai Ju Liu Information Technology Company Limited).

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by any companies in the Existing Target Group in respect of any period subsequent to 31 December 2012.

Yours faithfully,

BDO Limited
Certified Public Accountants
Lee Ka Leung, Daniel
Practicing Certificate Number P01220
Hong Kong

The following is the management discussion and analysis of each of the two years ended 31 December 2012 of the Target Group. The following financial information is prepared based on the financial information of Ju Liu Information and the Existing Target Group set out in appendix II and appendix III to this circular, respectively.

BUSINESS AND FINANCIAL REVIEW

The Target Company was incorporated in the British Virgin Islands on 28 September 2012. The Target Company has not conducted any business operations since the date of incorporation. Hence, it has not recorded any profit or loss from the date of incorporation to the Latest Practicable Date.

Ju Liu Information was established in the PRC on 2 April 2011. Its major assets include cash and trade receivables from customers.

The revenue of Ju Liu Information mainly comprises wireless advertising agency income and income from the provision of wireless effect marketing and wireless advertisement production services. For each of the two years ended 31 December 2012 and 2011 (the "Review Periods"), the revenue of Ju Liu Information amounted to approximately RMB68,108,195 and approximately RMB493,652. The significant increase was mainly attributable to the facts that the operational period of Ju Liu Information in the first year of incorporation was less than nine months and Ju Liu Information was then more focused on research and development as well as enhancement of its wireless advertising platforms instead of expansion of clientele, which leads to a lower revenue in 2011. In the year ended 31 December 2012, however, Ju Liu Information was able to concentrate on developing its markets and this had led to notable growth in its revenue.

During the Review Periods, the profit before income tax expense of Ju Liu Information amounted to approximately RMB15,530,790 and during the period from the date of establishment to 31 December 2011, the loss before income tax expense amounted to approximately RMB920,920. The reason for the significant growth in the profit before income tax expense of Ju Liu Information was mainly the substantial increase in revenue in 2012 and this was further discussed below.

The customers of Ju Liu Information are mainly well-known domestic and international brand owners and/or their advertising agents. In terms of industry, they mainly include automobile, finance, fast-moving consumer goods, maternity and infant, hotel, e-commerce and digital, etc. In terms of geographical spread, the clients are from regions covering Shanghai, Beijing, Guangzhou, Nanjing, Chengdu, Changchun, Qingdao and Xinjiang in the PRC.

During the Review Periods, the gross profit margin of Ju Liu Information were approximately 31.33% and approximately 22.07% respectively, and the net profit margins were approximately 17.05% and approximately -154.41% respectively. The net loss of Ju Liu Information in 2011 was mainly attributable to its relatively short operating history as it was the first year since the establishment of Jiu Liu Information, As explained above, the focus of Ju Liu Information in 2011 was on research and development, relatively less on expansion of clientele. The cost of Ju Liu Information mainly represents the cost of media purchases. In the financial years of 2012 and 2011, such costs amounted to approximately RMB46,772,602 and approximately RMB384,690, respectively. The increase in the gross profit margin and net profit margin of Ju Liu Information was attributable to the fact that the gross profit margin increased as a result of economies of scale, which was in turn led by the increase in revenue since the beginning of 2012. Net profit margin of Ju Liu Information has also begun to grow owing to an increase in gross profit margin, in light of a larger revenue base, stronger bargaining power over the suppliers and a lower unit cost on media purchase.

The trade receivables of Ju Liu Information in the Review Periods amounted to approximately RMB43,183,288 and approximately RMB240,773, respectively. The significantly higher amount of trade receivables for 2012 was mainly attributable to the facts that a larger revenue was generated in the second half of the year, as Ju Liu Information experienced faster growth, and the credit period in the advertising industry is usually longer. As a result, the trade receivables were not collected before the end of the year. As at 25 April 2013, approximately RMB29,755,267 of those receivables had been subsequently collected, with an outstanding amount of approximately RMB13,428,021. The management of Ju Liu Information considers that no provisions for bad debt have to be made in view of the subsequent settlements and an overall assessment of the collectibility of the outstanding trade receivables of its clients.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2012 and 2011, the trade and other payables of Ju Liu Information for the Review Periods amounted to approximately RMB39,711,063 and RMB352,152 respectively.

As at 31 December 2012 and 2011, the cash and bank balances of Ju Liu Information for the Review Periods amounted to approximately RMB2,377,206 and RMB2,831,976 respectively.

As at 31 December 2012 and 2011, the total debts of Ju Liu Information for the Review Periods amounted to approximately RMB44,576,985 and RMB1,346,864 respectively, while its debt to asset ratio (i.e. the percentage of total debts over total assets) were approximately 79.10% and approximately 94.44% respectively.

CAPITAL COMMITMENTS

As at 31 December 2012 and 31 December 2011, the Existing Target Group and Ju Liu Information has no capital commitments.

FINANCIAL MANAGEMENT POLICY

As at 31 December 2012 and 31 December 2011, the balances of investment in financial products of Ju Liu Information were RMB9,000,000 and RMB nil respectively. As at 31 January 2013, such financial products have been redeemed and Ju Liu Information has earned an investment income of RMB14,587. The financial management's policy of Ju Liu Information was implemented for the purpose of cash management and the considerations of security and liquidity of financial products are its priorities. The return on investment of financial products will be considered when the aforesaid two priorities are satisfied. Therefore, the financial products chosen by Ju Liu Information are always stable and traditional financial products issued by large commercial banks and are redeemable from time to time.

EXCHANGE RATE RISK

The major assets of Ju Liu Information are cash denominated in RMB and accounts receivable. Therefore, the Target Group is not exposed to any exchange rate risk.

PLEDGE OF ASSETS

As at 31 December 2012 and 31 December 2011, the Existing Target Group and Ju Liu Information has no pledge of assets.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2012, Ju Liu Information has 37 employees in the PRC. The remuneration policy of Ju Liu Information is formulated based on industry practices and the performance of individual employees. During the Review Periods, the total staff cost was approximately RMB2,673,682 and approximately RMB445,716 respectively. The increase was attributable to the higher labour costs due to the expansion of the professional team of Ju Liu Information.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Save as the transactions contemplated under the Agreement, during the Review Periods, the Existing Target Group and Ju Liu Information did not have any substantial acquisition or disposal of subsidiaries.

CONTINGENT LIABILITIES

As at 31 December 2012 and 31 December 2011, the Existing Target Group and Ju Liu Information has no contingent liabilities.

1. INTRODUCTION

The unaudited pro forma financial information of the Enlarged Group, comprising the unaudited pro forma consolidated statement of financial position, have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the proposed acquisition of Grand Rapids Mobile International Holdings Limited and its subsidiaries (the "Existing Target Group") and 上海巨流信息科技有限公司 (Shanghai Ju Liu Information Technology Company Limited) ("Ju Liu Information") (collectively the "Target Group") by the Group as if the Proposed Acquisition had been taken place on 31 December 2012.

The unaudited pro forma financial information of the Enlarged Group has been prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2012, which is extracted from the annual report of the Company for the year ended 31 December 2012; and the audited statement of financial position of Ju Liu Information and the audited consolidated statement of financial position of the Existing Target Group as at 31 December 2012 which is extracted from the accountants' report thereon as set out in Appendix II and III to this circular respectively. Narrative descriptions of the pro forma adjustments of the Proposed Acquisition that are (i) directly attributable to the transactions; and (ii) factually supportable, are set out in the accompanying notes.

The unaudited pro forma financial information of the Enlarged Group is based on a number of assumptions, estimates and uncertainties and currently available information. As a result of these assumptions, estimates and uncertainties, the accompanying unaudited pro forma financial information of the Enlarged Group does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Proposed Acquisition been completed on the dates indicated herein. Furthermore, the unaudited pro forma financial information of the Enlarged Group does not purport to predict the future financial position of the Enlarged Group.

Unaudited pro forma consolidated statement of financial position of the Enlarged Group

	Audited consolidated statement of financial position of the Group as at 31 December 2012	Audited statement of financial position of Ju Liu Information as at 31 December 2012	Audited consolidated statement of financial position of the Existing Target Group as at 31 December 2012	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 31 December 2012
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
	Note 1	*Note 2*	*Note 2*	*Note 4*	*Note 5,6*	
Assets						
Non-current assets						
Goodwill	—	—	—		156,195,442	156,195,442
Property, plant and equipment	1,196,195	73,057				1,269,252
Intangible assets	—	—	—	5,294,900		5,294,900
Deposits and prepayments	32,700,000	—	—			32,700,000
Interests in associates	1,191,754	—	—			1,191,754
Total non-current assets	35,087,949	73,057	—			196,651,348
Current assets						
Financial assets at fair value through profit or loss	—	9,000,000	—			9,000,000
Trade and bills receivables	77,563,241	43,183,288	—			120,746,529
Prepayments, deposits and other receivables	25,909,682	1,791,563				27,701,245
Cash and cash equivalents	96,215,275	2,377,206	407,002		(22,500,000)	76,499,483
Total current assets	199,688,198	56,352,057	407,002			233,947,257
Total assets	234,776,147	56,425,114	407,002			430,598,605

Unaudited pro forma consolidated statement of financial position of the Enlarged Group (Continued)

	Audited consolidated statement of financial position of the Group as at 31 December 2012	Audited statement of financial position of Ju Liu Information as at 31 December 2012	Audited consolidated statement of financial position of the Existing Target Group as at 31 December 2012	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 31 December 2012
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
	Note 1	*Note 2*	*Note 2*	*Note 4*	*Note 5,6*	
Liabilities						
Current liabilities						
Trade and bills payables	21,912,399	34,780,722	—			56,693,121
Other payables and accruals	3,916,518	4,930,341	—			8,846,859
Amount due to an associate	20,000	—	—			20,000
Amounts due to related companies	—	1,274,595	—			1,274,595
Amount due to a director	—	—	406,952			406,952
Bank borrowing	15,000,000	—	—			15,000,000
Current tax liabilities	6,428,119	3,591,327	—			10,019,446
Total current liabilities	47,277,036	44,576,985	406,952			92,260,973
Net current assets	152,411,162	11,775,072	50			141,686,284
Total assets less current liabilities	187,499,111	11,848,129	50			338,337,632
Non-current liabilities						
Deferred tax liabilities	—	—	—	1,323,725		1,323,725
Consideration payables	—	—	—		22,500,000	22,500,000
Total non-current liabilities	—	—	—			23,823,725
Total liabilities	47,277,036	44,576,985	50			116,084,698
Net assets	187,499,111	11,848,129	50			314,513,907

Unaudited pro forma consolidated statement of financial position of the Enlarged Group (Continued)

	Audited consolidated statement of financial position of the Group as at 31 December 2012	Audited statement of financial position of Ju Liu Information as at 31 December 2012	Audited consolidated statement of financial position of the Existing Target Group as at 31 December 2012	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 31 December 2012
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
	Note 1	*Note 2*	*Note 2*	*Note 4*	*Note 5,6*	
Capital and reserve attributable to owners of the Company						
Share capital	1,618,440	1,000,000	—		378,297	1,996,737
					(1,000,000)	
Reserves	185,880,671	10,848,129	50	3,971,175	116,288,370	302,169,041
					(14,819,354)	
Equity attributable to owners of the Company	187,499,111	11,848,129	50			304,165,778
Non-controlling interests	—	—	—		10,348,129	10,348,129
Total equity	187,499,111	11,848,129	50			314,513,907

Notes to unaudited pro forma financial information of the Enlarged Group:

1. The financial information of the Group is extracted from the published annual report of the Group for the year ended 31 December 2012.

2. The financial information of Ju Liu Information and the Existing Target Group is extracted from the accountants' report thereon as set out in Appendix II and III to this Circular respectively.

3. The Acquisition is considered as a business combination under International Financial Reporting Standards 3 and is accounted for using the acquisition method. In applying the acquisition method, the identifiable assets and liabilities of the Target Group will be recorded on the statement of financial position of the Group at their fair value at the date of completion of the Acquisition (which includes the acquisition of the Sale Share and the Ju Liu Information Acquisition).

4. The adjustment represents the fair value adjustments on intangible assets upon business combination in connection with the customer relationship of RMB4,351,600 and computer software of RMB943,300 based on the valuation performed by the independent firm of professional valuer, Yinxin Appraisal Co., Ltd., as at 31 December 2012 and the recognition of the related deferred tax liabilities.

In the relevant valuation, a valuation of all equity interests of the shareholders of Ju Liu Information had been conducted with the use of the income approach methodology. The income approach set out in the valuation of the enterprise refers to the appraisal methodology where the value of the appraised object is determined by the capitalisation or discount of expected income of the enterprise to be appraised. The fair value of all identifiable assets and liabilities of Ju Liu Information as at the base date of appraisal were appraised pursuant to such method of evaluation.

Goodwill refers to the value of all equity interests of the shareholders of Ju Liu Information, the enterprise to be appraised, as at the base date of appraisal less the fair value of all identifiable assets and liabilities as at the base date of appraisal. The identifiable intangible assets involved in the appraisal include customer relationship and the intellectual property rights of computer software. Customer relationship, being an intangible asset, was appraised with the use of the income approach while the computer software, another intangible asset, is appraised with the use of the cost approach.

The intangible assets in related to customers relationship refers to the materialised value of relationship established between the enterprise and customers. Such relationship enables the possibility of economic exchange between the enterprise and customers. By combining human resources with structural assets, the customer relationship creates favourable operating conditions for the enterprise. This portion, out of the client base possessed by the enterprise, can generate the anticipated economic benefits for the enterprise and is available for capitalisation.

During the estimation above, assessment on customer relationship is made based on the number of existing customers obtained from Ju Liu Information and the probable future revenue arising from the customer case for the Company as at the valuation benchmark date which means 31 December 2012.

Since the fair value of the intangible assets at the date of completion of the Acquisition (which includes the acquisition of the Sale Share and the Ju Liu Information Acquisition) may be different from the fair value used in the preparation of this unaudited pro forma financial information, the final amount of fair value adjustment to the intangible assets and related deferred tax liabilities to be recognised in connection with the Acquisition at the date of completion of the Acquisition (which includes the acquisition of the Sale Share and the Ju Liu Information Acquisition) may be different from the estimated value stated therein.

The directors of the Company have considered whether there is any indication that the goodwill and intangible assets may be impaired under HKAS 36, there are no facts or circumstances which may indicate that the carrying amount of the goodwill and intangible assets may be impaired for the purpose of this unaudited pro forma financial information.

The auditor, who are also the reporting accountants advised that based on the information currently available, they would not object to (1) the accounting policy adopted by the Group in accounting for the goodwill and intangible assets; (2) the principal assumptions currently adopted by the independent professional valuer in arriving at the valuation of the goodwill and intangible assets; and (3) the management using such valuation as the basis for impairment assessment of the goodwill and intangible assets, in the proforma financial information and the preparation of the Group's annual financial statements for the subsequent years .

5. Pursuant to the agreement, the total consideration of the Acquisition is HK$200,045,370 (equivalents to RMB161,666,667), which is to be satisfied as to:

(a) HK$55,682,732 (equivalent to RMB45,000,000) in cash; and

(b) HK$144,362,638 (equivalent to RMB116,666,667) by the issue of 46,810,194 new shares ("Consideration Shares") of par value HK$0.01 at HK$3.084 per share.

The consideration shall be satisfied by the Company in the following manner:

(i) Upon completion of the Acquisition (which includes the acquisition of the Sale Share and the Ju Liu Information Acquisition), the Company shall pay in cash HK$27,841,366 (equivalent to RMB22,500,000) to the vendor and issue and allot the entire Consideration Shares to the vendor;

(ii) Within 14 business days after the Company and the vendor agree the audited financial statements of Target Group for the year ending 31 December 2013, the Company shall pay in cash HK$13,920,683 (equivalent to RMB11,250,000) ("Second Cash Consideration") to the vendor, subject to the adjustment if the consolidated net profit in the respective audited financial statements is less than the relevant Warranted Profit (as defined below);

(iii) Within 14 business days after the Company and the vendor agree the audited financial statements of Target Group for the year ending 31 December 2014, the Company shall pay in cash HK$13,920,683 (equivalent to RMB11,250,000) ("Third Cash Consideration") to the vendor, subject to the adjustment if the consolidated net profit in the respective audited financial statements is less than the relevant Warranted Profit.

Pursuant to the agreement, the vendor undertake that the consolidated net profit of the Target Group in the audited financial statements for the financial years ending 31 December 2013, 2014 and 2015 shall not be less than RMB18,000,000, RMB25,000,000 and RMB 32,000,000, respectively (each of the above amounts referred to as the "Warranted Profit"). Should the consolidated net profit of the Target Group be less than the Warranted Profit, the consideration is subject to adjustment (further details of which are set out in page 11 in this circular).

In the opinion of the directors of the Company, the possibility of Target Group that do not meet the Warranted Profit is remote so that the contingent cash consideration is recognised as liability in full.

Upon completion of the Acquisition (which includes the acquisition of the Sale Share and the Ju Liu Information Acquisition), the share capital and share premium of the Company will be increased by HK$468,102 (equivalent to RMB378,297) and HK$143,894,536 (equivalent to RMB116,288,370), respectively. The fair value of the shares issued for the Acquisition is assumed, for the purpose of the preparation of unaudited pro forma financial information, as equal to the quoted share price of the Company as at 31 December 2012 at HK$3.084 times the number of shares to be issued. Fair value of the consideration shares shall be reassessed on the date of completion of the Acquisition (which includes the acquisition of the Sale Share and the Ju Liu Information Acquisition) and is therefore subject to change upon completion of the Acquisition of the Acquisition (which includes the acquisition of the Sale Share and the Ju Liu Information Acquisition).

Upon completion of the Acquisition (which includes the acquisition of the Sale Share and the Ju Liu Information Acquisition), cash of HK$27,841,366 (equivalent to RMB22,500,000) will be paid, as a result, the cash and cash balances decreased by RMB22,500,000. The Second Cash Consideration and Third Cash Consideration in total of RMB22,500,000 that will be paid are recognised as consideration payables under non-current liabilities accordingly. In the opinion of the directors, the carrying amount of the consideration payables approximate their fair values.

Pursuant to the agreement, the vendor is entitled to the balances of retained earnings as at 31 December 2012 of Ju Liu Information at the amount of RMB10,348,129. The payment of such retained earnings must be approved unanimously by the board of directors of Ju Liu Information, where the majority of directors shall be appointed by the Company. Since the retained earnings of Ju Liu Information amounted to RMB10,348,129 shall not be attributable to the parent of Ju Liu Information, the amount is classified as non-controlling interests.

6. The adjustment is to reflect the effect of the Acquisition on the consolidated statement of financial position of the Group as if the Acquisition had taken place on 31 December 2012:

	RMB
Cost of investment *(Note 5)*:	
Cash consideration	45,000,000
Share consideration	116,666,667
	161,666,667
Less: Fair value of net identified assets and liabilities to be acquired:	
Fair value of net identified assets of the Target Group as at 31 December 2012:	
Share capital of the Target Group	1,000,000
Pre-acquisition reserve of the Target Group	14,819,354
	15,819,354
Non-controlling interests *(Note 5)*	(10,348,129)
	5,471,225
Goodwill	156,195,442

At the date of completion of the Acquisition (which includes the acquisition of the Sale Share and the Ju Liu Information Acquisition), the fair value of the Consideration Shares and net identifiable assets of the Target Group will have to be assessed. As a result of the assessment, the amount of goodwill may be different from that estimated based on the basis stated above for the purposes of preparing the unaudited pro forma financial information.

7. No adjustment had been made to reflect the estimated legal and professional fees and other direct costs of the Acquisition at RMB1,280,000, as such costs are not considered to be material and will not have significant impact on the unaudited pro forma financial information.

8. For the purpose of the unaudited pro forma financial information of the Enlarged Group, amounts expressed in Hong Kong dollars have been translated to Renminbi at the rate of HK$0.80815 : RMB1, which is the prevailing exchange rate as at 31 December 2012.

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The Board of Directors
Branding China Group Limited
No. 54 Shaoxing Road
Luwan District
Postal code - 200020
Shanghai, China

20 May 2013

Dear Sirs,

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of Branding China Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed acquisition of the entire equity interest in Grand Rapids Mobile International Holdings Limited and its subsidiaries (the "Existing Target Group") and 上海巨流信息科技有限公司 (Shanghai Ju Liu Information Tochonlogy Company Limited) ("Ju Liu Information") (together with the Group referred to as the "Enlarged Group") might have affected the financial information presented, for inclusion as Appendix V to the circular of the Company dated 20 May 2013 (the "Circular"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in the section headed "Introduction" in Section 1 of Appendix V to the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we did not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Enlarged Group as at 31 December 2012 or at any future date.

OPINION

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,

BDO Limited
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised share capital and issued share capital of the Company as at the Latest Practicable Date were:

Authorised		*HK$*
2,000,000,000 Shares		20,000,000.00
Issued and to be issued, fully paid or credited as fully paid		
200,000,000	Shares in issue as at the Latest Practicable Date	2,000,000.00
46,810,194	Consideration Shares to be allotted and issued under the Agreement	468,101.94
246,810,194	Shares	2,468,101.94

3. DISCLOSURE OF INTERESTS

(i) Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, save as disclosed below, none of the Directors or chief executive of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or chief executive were taken or deemed to have under such provisions of the SFO) or which are required to be entered into the register maintained by the Company under section 352 of the SFO or which are required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

Long Positions in Shares

Name	Capacity	Number of Shares	Approximate % of shareholding
Mr. Fang Bin ("Mr. Fang")	Interest in controlled corporation *(Note 1)*	112,500,000	56.25%
Mr. Fan Youyuan ("Mr. Fan")	Interest in controlled corporation *(Note 2)*	19,500,000	9.75%

Notes:

1. Mr. Fang, an executive Director, directly and beneficially owned 100% interest in Lapta International Limited ("Lapta International"), which in turn held 112,500,000 Shares. Therefore, Mr. Fang was deemed, or taken to be, interested in the 112,500,000 Shares held by Lapta International under the SFO and their interests duplicate with each other. Mr. Fang is the sole director of Lapta International.

2. Mr. Fan, a non-executive Director, indirectly and beneficially owned 100% interest in Whales Capital Holdings Limited ("Whales Capital"), which in turn held 19,500,000 Shares. Therefore, Mr. Fan was deemed, or taken to be, interested in the 19,500,000 Shares held by Whales Capital under the SFO and their interests duplicate with each other. Mr. Fan is a director of Whales Capital.

Long Position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/Nature	Number of shares	Percentage of shareholding
Mr. Fang	Lapta International	Beneficial owner	1 ordinary share	100%

(ii) Substantial Shareholders and other persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO

Save as disclosed below, so far as is known to the Directors, as at the Latest Practicable Date, the following person(s), other than a Director or chief executive of the Company, had or were deemed to have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group, or held any option in respect of such capital:

Long Position in the Shares

Name	Capacity	Number of Shares	Approximate % of shareholding
Lapta International	Beneficial owner	112,500,000	56.25%
Whales Capital	Beneficial owner	19,500,000	9.75%
Yin Rong	Interest of spouse *(Note 1)*	19,500,000	9.75%
Jolly Win Management Limited ("Jolly Win")	Beneficial owner	18,000,000	9%
Lin Kaiwen	Interest in controlled corporation *(Note 2)*	18,000,000	9%
Chen Suzhen	Interest of spouse *(Note 3)*	18,000,000	9%

Notes:

1. Yin Rong is the spouse of Mr. Fan. Under the SFO, Yin Rong is deemed, or taken to be, interested in all the 19,500,000 Shares in which Mr. Fan is interested and their interests duplicate with each other.

2. Lin Kaiwen directly and beneficially owned 100% interest in Jolly Win. Therefore, Lin Kaiwen was deemed, or taken to be, interested in the 18,000,000 Shares held by Jolly Win under the SFO and their interests duplicate with each other.

3. Chen Suzhen is the spouse of Lin Kaiwen. Under the SFO, Chen Suzhen is deemed, or taken to be, interested in all the Shares in which Lin Kaiwen is interested and their interests duplicate with each other.

4. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, save as the interests of Mr. Huang Wei, the Warrantor and the proposed executive Director as disclosed in this circular, none of the (i) Directors, proposed Director, controlling Shareholders (as defined in the GEM Listing Rules) or substantial Shareholders (as defined in the GEM Listing Rules) or any of their respective associates; and (ii) the Company's compliance adviser, Anglo Chinese Corporate Finance, Limited, and each of its directors, employees and associates (as defined under the GEM Listing Rules) has any interest in a business which competes or is likely to compete with the businesses of the Group or had any other conflict of interest which any such person has or may have with the Group.

5. INTERESTS OF THE COMPLIANCE ADVISER

None of the Company's compliance adviser, Anglo Chinese Corporate Finance, Limited, its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the transactions contemplated under the Agreement or in the share capital of the Company as at the Latest Practicable Date pursuant to Rule 6A.32 of the GEM Listing Rules.

6. SERVICE CONTRACT

As at the Latest Practicable Date, there was no existing or proposed service contract, excluding contract expiring or terminable by the employer within one year without payment of compensation (other than statutory compensation), between any of the Directors and any member of the Group.

7. INTEREST IN THE CONTRACTS AND ASSETS

(a) As at the Latest Practicable Date, save for Mr. Fang's interest in the structured contracts as detailed in the prospectus of the Company dated 17 April 2012 (the "Prospectus"), none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular and which is significant in relation to the businesses of the Group.

(b) Save as the interests of Mr. Huang Wei, the Warrantor and the proposed executive Director as disclosed in this circular, none of the Directors, proposed Director or expert (referred to in the paragraph headed "Expert and Consent" in this appendix), has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2012, being the date to which the latest published audited accounts of the Group were made up.

8. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, the Group was not engaged in any litigation or claims of material importance, and so far as the Directors are aware, no litigation or claims of material importance is pending or threatened against the Group.

9. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this circular and are or may be material:

(a) two supplemental deeds in Chinese respectively dated 23 May 2011 and 10 April 2012 entered into between Jolly Win, the Company and Mr. Fang supplementing and amending certain terms and conditions of the subscription agreement dated 20 April 2011 entered into between Jolly Win, the Company and Mr. Fang in relation to the subscription of 120 Shares by Jolly Win, including (i) waiving and amending certain conditions precedent; (ii) amending certain undertakings and obligations upon completion and subsequent to completion; (iii) supplementing the corporate charts before and after the relevant reorganisation of the Group; and (iv) amending the definition of the audited net profit under the warranted profits and certain terms on consideration adjustment;

(b) two supplemental deeds in Chinese respectively dated 23 May 2011 and 10 April 2012 entered into between Whales Capital, Lapta International, the Company and Mr. Fang supplementing and amending certain terms and conditions of the sale and purchase agreement dated 20 April 2011 in relation to the sale of 130 Shares by Lapta International to Whales Capital, including (i) amending the payment currency of the purchase price; (ii) waiving and amending certain conditions precedent; (iii) amending certain undertakings and obligations upon completion and subsequent to completion; (iv) supplementing the corporate charts before and after the relevant reorganisation of the Group; and (v) amending the definition of the audited net profit under the warranted profits and certain terms on consideration adjustment;

(c) the instrument of transfer dated 25 May 2011 entered into between Lapta International and Whales Capital, pursuant to which Lapta International transferred 130 Shares to Whales Capital for a consideration in Hong Kong dollars and, or Singapore dollars equivalent to RMB 21,666,667;

(d) the share pledge agreement (股權質押協議) dated 1 June 2011 in Chinese, entered into between 上海三眾企業管理諮詢有限公司(Shanghai SumZone Enterprise Management Consultancy Company Limited ("Shanghai SumZone Enterprise") and Mr. Fang, pursuant to which Mr. Fang agreed to pledge his entire equity interests in上海三眾華納傳媒投資管理有限公司 (Shanghai SumZone Media Investment Management Company Limited) ("SMU") to Shanghai SumZone Enterprise to secure the fees and other payables that SMU might be liable to pay to Shanghai SumZone Enterprise under the Exclusive Consulting and Service Agreement (as defined below) from time to time, further details of which are set out in the Prospectus;

(e) the exclusive option agreement (獨家購買期權協議) dated 1 June 2011 in Chinese, entered into between Century Linker (Hong Kong) Limited (聯合(香港)有限公司) ("Century Linker"), Mr. Fang and SMU, pursuant to which Mr. Fang, being the sole equity holder of SMU, agreed to grant an irrevocable option to Century Linker to purchase from him all or any of the equity interests he held in SMU, at nil consideration or at nominal price as permissible under the PRC laws and regulations, further details of which are set out in the Prospectus;

(f) the exclusive business operating agreement (獨家業務經營協議) dated 1 June 2011 in Chinese entered into between Shanghai SumZone Enterprise, SMU and Mr. Fang, further details of which are set out in the Prospectus;

(g) the exclusive consulting and service agreement (獨家管理顧問服務協議) dated 1 June 2011 in Chinese (the "Exclusive Consulting and Service Agreement") entered into between, Shanghai SumZone Enterprise and SMU, pursuant to which Shanghai SumZone Enterprise agreed to, on an exclusive basis, provide consulting and other supporting services to SMU, further details of which are set out in the Prospectus;

(h) the power of attorney (授權委託書) dated 1 June 2011 in Chinese signed by Mr. Fang in favour of Shanghai SumZone Enterprise, which enables Shanghai SumZone Enterprise to exercise all the powers of the shareholder of SMU through the chairman of the board of directors, further details of which are set out in the Prospectus;

(i) a deed of reorganisation dated 10 April 2012 entered into between Mr. Fang and Lapta International as warrantors and the Company, pursuant to which Mr. Fang and Lapta International gave various warranties and representations to the Company in respect of, among other matters, the relevant reorganisation of the Group;

(j) a deed of non-competition undertaking (不競爭契約) dated 10 April 2012 in Chinese and executed by Mr. Fang, Lapta International, 上海競藝文化傳播有限公司(Shanghai Jingyi Cultural Media Company Limited), and other executive Directors in favour of the Company (for itself and on behalf of its subsidiaries) containing certain non-competition undertakings to the Group;

(k) the compliance adviser agreement dated 10 April 2012 entered into between the Company and Anglo Chinese Corporate Finance, Limited;

(l) a deed of indemnity dated 16 April 2012 and executed by Lapta International and its beneficial owner namely Mr. Fang, in favour of the Company (for itself and on behalf of its subsidiaries) containing indemnities referred to in the Prospectus;

(m) the conditional underwriting agreement dated 16 April 2012 entered into between, among others, the Company, the controlling Shareholders, the executive Directors, Anglo Chinese Corporate Finance, Limited as the Sponsor, First Shanghai Securities Limited as the Sole Bookrunner, and Anglo Chinese Corporate Finance, Limited and First Shanghai Securities Limited as the Joint Lead Managers relating to the placing, further information on which is set forth in the Prospectus;

(n) the non-legally binding memorandum of understanding dated 30 May 2012 entered into between Shanghai SumZone, an indirect wholly-owned subsidiary of the Company, as purchaser, 大豐(天津)股權投資基金管理有限公司 (Dafeng (Tianjin) Equity Investment Fund Management Company Limited) ("Dafeng Tianjin") as vendor and 上海紅馬資產管理有限公司 (Shanghai Redhorse Asset Management Company Limited) as guarantor in relation to the potential investment in the shares of a media company established in the PRC (the "Potential Investment MOU");

(o) the memorandum of termination of investment dated 15 November 2012 entered into between Shanghai SumZone and Dafeng Tianjin, in relation to, amongst others, the termination of the transactions contemplated under the Potential Investment MOU;

(p) the MOU; and

(q) the Agreement.

10. EXPERT AND CONSENT

(a) The following is the qualification of the expert who has given its opinions contained in this circular:

Name	**Qualification**
BDO Limited	Certified Public Accountants

(b) As at the Latest Practicable Date, BDO Limited did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) BDO Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, opinion, report and references to its name in the form and context in which they are included.

(d) The letter, opinion and report given by BDO Limited is given as of the date of this circular for incorporation in this circular.

11. GENERAL

(a) The company secretary of the Company is Mr. Tam Tak Kei, Raymond, who is an associate member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Institute of Chartered Accountants in England and Wales.

(b) The Company's registered office is at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business in Hong Kong is at Suites 2001-2005, 20th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong.

(c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(d) The Company's Audit Committee was established on 10 April 2012 and currently comprised all three independent non-executive Directors, namely Ms. Hsu Wai Man, Helen (Chairlady), Mr. Lin Zhiming and Mr. Zhou Ruijin. The primary duties of the Audit Committee are, amongst other things, to make recommendations to the Board on the appointment, re-appointment and removal of external auditors; to review the financial statements and material advice in respect of financial reporting; and to oversee internal control procedures of our Company. Between June 2000 and December 2009, Mr. Zhou Ruijin was an independent director of China Eastern Airlines Corporation Limited (中國東方航空股份有限公司) (600115.SH). Mr. Lin Zhiming had not been a director of any listed company in the last three years. Ms. Hsu Wai Man, Helen was appointed as an independent non-executive director of China Forestry Holdings Co. Ltd., a company listed on the Stock Exchange on 5 July 2011. Ms. Hsu was further appointed as an independent non-executive director of Perfect Shape (PRC) Holdings Limited, a company listed on the Stock Exchange, on 5 December 2011. Save as aforesaid, the members of the Company's Audit Committee do not hold directorships in any listed companies.

(e) The Company's compliance officer is Mr. Song Yijun, who is also an executive Director.

(f) The English text of this circular shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the following documents are available for inspection during normal business hours except on Saturday, Sunday and public holidays at the office of Loong & Yeung of Suites 2001-2005, 20th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong from the date of this circular up to and including 2 June 2013:

(a) the memorandum and articles of association of the Company;

(b) the letter from the Board, the text of which is set out on pages 1 to 28 of this circular;

(c) the annual report of the Company for the year ended 31 December 2012;

(d) the Prospectus which contain the accountants' report of the Group for each of the two years ended 31 December 2010 and 31 December 2011;

(e) the accountants' report of Ju Liu Information, the text of which is set out in Appendix II to this circular;

(f) the accountants' report of the Existing Target Group, the text of which is set out in Appendix III to this circular;

(g) the report on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix V to this circular;

(h) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;

(i) the written consent referred to in the paragraph headed "Expert and Consent" in this appendix; and

(j) this circular.

品牌中国
BRANDING CHINA

BRANDING CHINA GROUP LIMITED
品牌中國集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8219)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "Meeting") of Branding China Group Limited (the "Company") will be held at the conference room of the Company at No. 54 Shaoxing Road, Huangpu District, Shanghai, PRC on Wednesday, 5 June 2013, at 10:00 a.m., for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

"**THAT:**

(i) the entering into of the conditional share sale and purchase agreement dated 19 April 2013 (the "Agreement") (a copy of which, initialled by the Chairman of the Meeting for the purpose of identification, has been produced to the Meeting marked "A") among the Company (as purchaser), Always Bright Enterprises Limited (the "Vendor") and Huang Wei (as guarantor) in relation to an acquisition by the Company of 1 share in the share capital of Grand Rapids Mobile International Holdings Ltd., representing its entire issued share capital from the Vendor, and in relation to the acquisition of the entire equity interests of 上海巨流信息科技有限公司 (Shanghai Ju Liu Information Technology Company Limited*), by 上海有熊企業管理咨詢有限公司 (Shanghai You Xiong Enterprises Management Consultancy Company Limited*) from 上海大頭信息科技有限公司 (Shanghai Da Tou Information Technology Company Limited*) and Huang Wei, for a consideration of HK$200,045,371, subject to adjustment (the "Consideration"), comprising cash consideration of HK$55,682,732 and issue and allotment of 46,810,194 new shares of HK$0.01 each in the share capital of the Company (the "Consideration Shares") at the issue price of HK$3.084 each to the Vendor, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

* *For identification purpose only*

(ii) subject to the fulfillment of the conditions precedent to the payment of the Consideration as set out in the Agreement and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Consideration Shares, the Directors be and are hereby specifically authorised to allot and issue the Consideration Shares, credited as fully paid, to the Vendor in accordance with the terms and conditions of the Agreement;

(iii) any one of the Directors be and is hereby authorised to do all such acts and things and execute all such documents or instrument under hand (or where required, under the common seal of the Company together with such other Director or person authorised by the board of Directors) as he or she may consider necessary, appropriate, expedient or desirable in connection with, or to give effect to, the Agreement and to implement the transactions contemplated thereunder and to agree to such variations, amendments or waivers of matters relating thereto as are, in the opinion of such Director, in the interest of the Company."

By Order of the Board of
Branding China Group Limited
Fang Bin
Chairman

PRC, 20 May 2013

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. A proxy form of the meeting is enclosed. If the appointer is a corporation, the proxy form must be made under its common seal or under the hand of an officer or attorney duly authorised on its behalf.

3. Where there are joint registered holders of any shares, any one of such persons may vote at the above Meeting (or any adjournment thereof), either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders by present at the above Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

4. In order to be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be delivered to the Company's branch registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

5. Delivery of the proxy form shall not preclude a shareholder from attending and voting in person at the Meeting and, in such event, the proxy form shall be deemed to be revoked.