

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**MEMORANDUM OF UNDERSTANDING IN RESPECT OF
POTENTIAL INVESTMENT IN THE COMPANY**

This announcement is made by the Company pursuant to Rule 17.10(2) of the GEM Listing Rules and under Part XIVA of the SFO.

**MEMORANDUM OF UNDERSTANDING IN RESPECT OF POTENTIAL
INVESTMENT IN THE COMPANY**

The Board announces that on 31 December 2013 (after trading hours), the Company entered into a non-legally binding Memorandum of Understanding with Mr. Fang, Mr. Fan and the Potential Investor in respect of the Potential Investment. Under the Memorandum of Understanding, it is proposed that the Potential Investor (or its designated subsidiary) shall subscribe in cash and the Company shall allot and issue the Subscription Shares, each ranking pari passu with all issued Shares, and it is proposed that the Potential Investor (or its designated subsidiary) shall purchase and the Existing Shareholder(s) shall sell the Sale Shares.

Further announcement(s) in respect of the Potential Investment will be made by the Company as and when appropriate in accordance with the GEM Listing Rules.

The Board wishes to emphasize that no binding agreement in relation to the Potential Investment has been entered into as at the date of this announcement. In particular, Shareholders and potential investors in the Company are reminded that there is no assurance that the Potential Investment or any other transaction mentioned in this announcement will materialise or eventually be consummated and that the Potential Investment will be subject to various conditions. Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company.

This announcement is made by the Company pursuant to Rule 17.10(2) of the GEM Listing Rules and under Part XIVA of the SFO.

The Board announces that on 31 December 2013 (after trading hours), the Company entered into a non-legally binding Memorandum of Understanding with Mr. Fang, Mr. Fan and the Potential Investor in respect of the Potential Investment.

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POTENTIAL INVESTMENT IN THE COMPANY

Date: 31 December 2013 (after trading hours)

Parties: (i) the Company
(ii) Mr. Fang
(iii) Mr. Fan
(iv) the Potential Investor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Potential Investor and its ultimate beneficial owners are Independent Third Parties.

Principal terms of the Memorandum of Understanding

Potential Subscription

Under the Memorandum of Understanding, it is proposed that the Potential Investor (or its designated subsidiary) shall subscribe in cash and the Company shall allot and issue the Subscription Shares, each ranking pari passu with all issued Shares subject to the terms and conditions of the Memorandum of Understanding.

The number of the Subscription Shares shall be subject to further negotiation between the parties concerned.

The consideration for the Potential Subscription, subject to all applicable requirements under the GEM Listing Rules, shall be determined upon further negotiation between the parties concerned.

Potential Sale and Purchase

Under the Memorandum of Understanding, it is proposed that the Potential Investor (or its designated subsidiary) shall purchase and the Existing Shareholder(s) shall sell the Sale Shares subject to the terms and conditions of the Memorandum of Understanding.

The number of the Sale Shares and the consideration for the Potential Sale and Purchase shall be subject to further negotiation between the parties concerned.

Under the Memorandum of Understanding, it is proposed that the Potential Investor (or its designated subsidiary) shall hold not more than 25.02% of the enlarged issued share capital of the Company after the allotment and issue of Subscription Shares upon completion of the Potential Investment.

Conditions for entering into the Formal Agreements

Under the Memorandum of Understanding, the parties will proceed to the negotiation for legally-binding Formal Agreements on or before 30 June 2014. The entering into of the Formal Agreements shall be subject to, inter alia, the following conditions:

- (i) the due completion of the disposal of the Shares by the Existing Shareholder(s) to Independent Third Party(ies) such that the minimum prescribed percentage of Shares as required under the GEM Listing Rules to remain in public hands shall be maintained upon completion of the Potential Investment;
- (ii) the Potential Investor having satisfied with the results of the due diligence review to be conducted by the Potential Investor on the Group;
- (iii) the Company having obtained all necessary or appropriate approvals, authorisations, consents and permits as a company listed on GEM, including but not limited to the approval by the Board for the entering into of the Formal Agreements (if applicable); and
- (iv) the Potential Investor having obtained all necessary or appropriate approvals, authorisations, consents and permits, including but not limited to the approval by the Board for the entering into of the Formal Agreements (if applicable).

Non-legally binding

The Memorandum of Understanding does not constitute legally-binding commitment on the part of the Company, the Existing Shareholders and the Potential Investor in respect of the Potential Investment except for the terms relating to, among others, confidentiality. The Potential Investment will be subject to the execution and completion of the Formal Agreements.

INFORMATION OF THE POTENTIAL INVESTOR

The Potential Investor is a company established in the PRC on 13 September 1991 and the A shares of which are listed on the Shenzhen Stock Exchange. The Potential Investor is principally engaged in media business, infrastructure projects and natural gas operation. The Potential Investor pursues the strategy of “All Media and Big Culture” (全媒體、大文化) in its media business. Currently, the Potential Investor has long-term exclusive concessions of several mainstream presses such as “Securities Times (證券時報)”, “Huashang News (華商報)”, “Xinwenhua News (新文化報)”, “Huashang Morning Paper (華商晨報)” and “Chongqing Times (重慶時報)”, long-term exclusive concessions for commercial advertisements of all broadcasting channels of China Radio international (中國國際廣播電台) and a leading online community on high-end overseas studies consultation, education and examination, namely “Taisha.org (太傻網)” in the PRC.

REASONS FOR AND BENEFITS OF THE POTENTIAL INVESTMENT

The Company considers that the Potential Investment, if it materialises, indicates the recognition of the business strategies and growth potential of the Company by the Potential Investor. It is expected that the Group will benefit from the business synergies between the Company and Potential Investor through the Potential Investment.

The transactions under the Potential Investment represent the Proposed Investor's long-term strategic investment in the Company. The cooperation between the Company and the Potential Investor will give the Company access to more business resources and media platform of the Potential Investor, facilitate the business development of the Group and enhance its working capital and profitability.

The Directors consider the terms of the Memorandum of Understanding are fair and reasonable and the Potential Investment is in the interests of the Company and Shareholders as a whole.

GENERAL

Further announcement(s) in respect of the Potential Investment will be made by the Company as and when appropriate in accordance with the GEM Listing Rules.

The Board wishes to emphasize that no binding agreement in relation to the Potential Investment has been entered into as at the date of this announcement. In particular, Shareholders and potential investors in the Company are reminded that there is no assurance that the Potential Investment or any other transaction mentioned in this announcement will materialise or eventually be consummated and that the Potential Investment will be subject to various conditions. Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Branding China Group Limited (品牌中國集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“Existing Shareholder(s)”	Mr. Fan and/or Mr. Fang
“Formal Agreements”	the Formal Sale and Purchase Agreement and the Formal Subscription Agreement

“Formal Sale and Purchase Agreement”	the formal sale and purchase agreement which may be entered into by the Existing Shareholder(s) and the Potential Investor if the Potential Sale and Purchase materialises
“Formal Subscription Agreement”	the formal subscription agreement which may be entered into by the Company and the Potential Investor if the Potential Subscription materialises
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Group and its connected persons (as defined under the GEM Listing Rules)
“Memorandum of Understanding”	the non-legally binding Memorandum of Understanding dated 31 December 2013 entered into between the Company, Mr. Fang, Mr. Fan and the Potential Investor setting out the preliminary understanding in relation to the Potential Investment
“Mr. Fan”	Mr. Fan Youyuan, a non-executive Director and is beneficially interested in 19,500,000 Shares, representing approximately 7.90% of the entire issued share capital of the Company as at the date of this announcement
“Mr. Fang”	Mr. Fang, the chairman of the Board and an executive Director and is beneficially interested in 112,500,000 Shares, representing approximately 45.58% of the entire issued share capital of the Company as at the date of this announcement
“Potential Investment”	the Potential Sale and Purchase and the Potential Subscription
“Potential Investor”	Huawen Media Investment Corporation (華聞傳媒投資集團股份有限公司), a company established in the PRC, the A shares of which are listed on the Shenzhen Stock Exchange

“Potential Sale and Purchase”	the potential sale of the Sale Shares by the Existing Shareholder(s) to the Potential Investor (or its designated subsidiary) as contemplated in the Memorandum of Understanding
“Potential Subscription”	the potential subscription of the Subscription Shares by the Potential Investor (or its designated subsidiary) as contemplated in the Memorandum of Understanding
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Sale Share(s)”	certain number of Shares free from any encumbrances which are beneficially owned by the Existing Shareholder(s) as at the date of this announcement and proposed to be disposed of by the Existing Shareholder(s) to the Potential Investor (or its designated subsidiary) as contemplated in the Memorandum of Understanding
“SFO”	the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong), as amended and supplemented from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Share(s)”	certain number of new Shares proposed to be subscribed by the Potential Investor (or its designated subsidiary) as contemplated in the Memorandum of Understanding
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

In this announcement, 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.

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

China, 31 December 2013

As at the date of this announcement, the executive Directors are Mr. Fang Bin, Ms. He Weiqi and Mr. Song Yijun; the non-executive Director is Mr. Fan Youyuan; and the independent non-executive Directors are Mr. Zhou Ruijin, Mr. Lin Zhiming and Ms. Hsu Wai Man, Helen.

This announcement, 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 announcement 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 announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the Stock Exchange website at www.hkexnews.hk for 7 days from the date of its posting. This announcement will also be posted on the Company’s website at www.brandingchinagroup.com.