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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)

DISCLOSEABLE TRANSACTION: ASSET MANAGEMENT AGREEMENT

The Board announces that on 13 May 2014, SumZone Advertising, an indirect wholly-owned subsidiary of the Company, as the Asset Investor entered into the Asset Management Agreement with Wanjia Gongying as the Asset Manager and the Bank as the Custodian in relation to a fixed income investment plan regarding the investment and management of the Entrusted Assets. Under the terms of the Asset Management Agreement, SumZone Advertising entrusted surplus cash generated from the ordinary and usual course of business of the Group amounting to RMB30,000,000 in the Entrusted Assets for management by the Asset Manager.

As one of the applicable percentage ratios for the transaction contemplated under the Asset Management Agreement calculated under Rule 19.07 of the GEM Listing Rules was more than 5% but less than 25%, the Asset Management Agreement and the transaction contemplated thereunder constituted a discloseable transaction under Chapter 19 of the GEM Listing Rules.

THE ASSET MANAGEMENT AGREEMENT

Reference is made to the 2014 interim report of the Company regarding fixed income assets of RMB30 million held under a fixed income investment plan as disclosed in note 17 to the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2014. This announcement is made to provide the shareholders and potential investors with additional details of the fixed income investment plan.

On 13 May 2014, SumZone Advertising, an indirect wholly-owned subsidiary of the Company, as the Asset Investor entered into the Asset Management Agreement with Wanjia Gongying as the Asset Manager and the Bank as the Custodian in relation to the investment and management of the Entrusted Assets. A summary of the key terms and conditions of the Asset Management Agreement is set out below:

Date

13 May 2014

Parties

- (1) SumZone Advertising as the Asset Investor;
- (2) Wanjia Gongying as the Asset Manager; and
- (3) the Bank as the Custodian.

Entrusted Assets

SumZone Advertising entrusted a total amount of RMB30,000,000, which was satisfied by surplus cash generated from the ordinary and usual course of business of the Group, in the Entrusted Assets for management by the Asset Manager.

Investment scope

The Asset Manager shall invest the Entrusted Assets in the economic rights to the revenue from the accounts receivables (the “**Accounts Receivables Rights**”) belonging to a construction company in Shanghai (the “**Investee**”).

The Asset Manager and the Investee have entered into an agreement for the transfer and repurchase of the Accounts Receivables Rights (the “**Transfer and Repurchase Agreement**”), pursuant to which the Investee agreed to transfer the Accounts Receivables Rights to the Asset Manager at a consideration of RMB30,000,000 and repurchase the Accounts Receivables Rights from the Asset Manager on the expiry date of the Transfer and Repurchase Agreement, which is contemplated to be 18 December 2014. The repurchase price is equivalent to the sum of RMB30,000,000 paid by the Asset Manager in acquiring the Accounts Receivables Rights (the “**Base Amount**”) and a premium of 7.5% over the Base Amount.

For the purpose of ensuring the repurchase obligation of the Investee as mentioned above and maximising the protection afforded to the Asset Manager, the Asset Manager and the Investee had entered into a pledge agreement, pursuant to which the Investee has agreed to provide collateral to the Asset Manager in the form of its accounts receivables in the amount of RMB54,000,000 relating to a construction contract awarded to the Investee by a major contractor for the construction of a commercial services centre in Shanghai and the rights accrued thereto.

Entrustment period

The entrustment period of the Asset Management Agreement is no more than one year from the day the Entrusted Assets are entrusted to the Asset Manager for management. The expected early termination date of the Asset Management Agreement is 25 December 2014, after which the entrustment period shall be automatically terminated.

Performance return

The expected annual return on the Entrusted Assets under the Asset Management Agreement is 7.5%, exclusive of the management fee and custodian fee mentioned below.

Management fee and custodian fee

Under the Asset Management Agreement, SumZone Advertising as the Asset Investor has to pay a management fee to the Asset Manager and a custodian fee to the Custodian.

The management fee to be charged by the Asset Manager shall be calculated as follows:

$$\text{Management fee} = (\text{the principal amount of the Entrusted Assets}) \times (\text{management fee rate}) \times (\text{total number of days of entrustment of the Entrusted Assets}) / 365$$

The management fee rate is 0.46% per annum. The management fee shall be a one-off payment deducted from the principal amount of the Entrusted Assets to be repaid to the Asset Investor on maturity and is payable upon the expiry or earlier termination of the Asset Management Agreement and within three business days after the day of issue of instruction for payment of the management fee from the Asset Manager.

The custodian fee to be charged by the Custodian shall be calculated as follows:

$$\text{Custodian fee} = (\text{the principal amount of the Entrusted Assets}) \times (\text{custodian fee rate}) \times (\text{total number of days of entrustment of the Entrusted Assets}) / 365$$

The custodian fee rate is 0.04% per annum. The custodian fee shall be a one-off payment deducted from the principal amount of the Entrusted Assets to be repaid to the Asset Investor on maturity and is payable upon the expiry or earlier termination of the Asset Management Agreement and within three business days after the day of issue of instruction for payment of the custodian fee from the Asset Manager.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The objective of entering into the fixed income investment plan as stated in the Asset Management Agreement is to seek protection and value appreciation of the assets under management with controlled risks. The Asset Management Agreement was entered into for the purpose of utilizing surplus cash generated from the ordinary and usual course of business of the Group and was conducted in compliance with the treasury policy of the Group. Having

considered the terms of the Asset Management Agreement, the Directors consider that the fixed income investment plan is short-term in nature and a low-risk investment with stable investment return.

The Directors (including independent non-executive Directors) are therefore of the view that the terms of the Asset Management Agreement (and the entrustment of surplus funds of the Group to the Asset Manager in accordance therewith) are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE GROUP, THE ASSET MANAGER AND THE CUSTODIAN

The Group was principally engaged in the provision of one-stop integrated marketing communications services, including advertising communications, public relations communications and event marketing, to its clients.

Wanjia Gongying is a company incorporated in the PRC with limited liability and an asset management company approved by the China Securities Regulatory Commission. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Wanjia Gongying and its ultimate beneficial owners are Independent Third Parties.

The Custodian is a joint stock limited company duly incorporated in the PRC and the A Shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 002142). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Custodian and its ultimate beneficial owners are Independent Third Parties.

IMPLICATION UNDER THE GEM LISTING RULES

As one of the applicable percentage ratios for the transaction contemplated under the Asset Management Agreement calculated under Rule 19.07 of the GEM Listing Rules are more than 5% but less than 25%, the Asset Management Agreement and the transaction contemplated thereunder constituted a discloseable transaction under Chapter 19 of the GEM Listing Rules and are subject to reporting and announcement requirements under the GEM Listing Rules.

DEFINITIONS

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

“Asset Management Agreement”	the asset management agreement dated 13 May 2014 entered into between SumZone Advertising, Wanjia Gongying and the Bank in relation to a fixed income investment plan regarding the investment and management of the Entrusted Assets
“Bank” or “Custodian”	寧波銀行股份有限公司 (Bank of Ningbo Co., Ltd.), a bank licensed and incorporated under the laws of the PRC
“Board”	the board of Directors

“Company”	Branding China Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“Entrusted Assets”	a total sum of RMB30,000,000, being the entrusted assets in the fixed income investment plan as stated in the Asset Management Agreement
“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
“Independent Third Parties”	third parties independent of the Company and its connected persons
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SumZone Advertising” or “Asset Investor”	上海三眾廣告有限公司(Shanghai SumZone Advertising Company Limited*), a company established in the PRC with limited liability on 26 August 2011 and an indirect wholly-owned subsidiary of the Company
“Wanjia Gongying” or “Asset Manager”	萬家共贏資產管理有限公司(Wanjia Gongying Asset Management Company Limited*), a company established in the PRC with limited liability and an asset management company approved by the China Securities Regulatory Commission
“%”	per cent.

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

Shanghai, the PRC, 12 September 2014

* For identification purposes only

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’s 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.