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: 863)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

- The Group's revenue for the six months ended 30 June 2016 (the "Review Period") decreased to RMB79,714,400, representing a decrease of RMB68,297,171 as compared to the corresponding period of last year.

- During the Review Period, the Group's overall gross profit margin increased by approximately 4.82 percentage points to 30.45%, as compared to the corresponding period of last year.

- Net assets of the Group as at 30 June 2016 increased to RMB453,154,584, representing an increase of approximately 4.62% as compared to that as at 31 December 2015.

- Earnings per share of the Company for the Review Period were approximately RMB4.04 cents (the corresponding period in 2015: RMB5.57 cents).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited For the six months ended 30 June	
		2016	2015
	Notes	***RMB***	*RMB*
Revenue	6	**79,714,400**	148,011,571
Cost of sales		**(55,443,250)**	(110,079,221)
Gross profit		**24,271,150**	37,932,350
Other income and gains, net	7	**3,686,782**	1,783,966
Selling and distribution expenses		**(614,664)**	(3,190,186)
Administrative expenses		**(16,543,896)**	(16,194,461)
Finance costs		**(7,467)**	(530,640)
Share of profits of associates		**1,394,902**	3,927
Profit before income tax		**12,186,807**	19,804,956
Income tax expense	8	**(2,142,204)**	(6,052,492)
Profit for the period		**10,044,603**	13,752,464
Other comprehensive income for the period:			
Exchange differences on translation of foreign operations		**44,642**	105,432
Total comprehensive income for the period		**10,089,245**	13,857,896
Earnings per share attributable to owners of the Company:			
Basic and diluted	12	**RMB4.04 cents**	RMB5.57 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE FINANCIAL POSITION

	Notes	Unaudited As at 30 June 2016 RMB	Audited As at 31 December 2015 RMB
Assets			
Non-current assets			
Property, plant and equipment		**4,149,285**	3,487,450
Goodwill	15	**156,293,197**	156,293,197
Intangible assets	16	**2,128,800**	2,664,614
Available-for-sale investment		**2,250,000**	–
Interests in associates	17	**17,566,412**	1,271,509
Total non-current assets		**182,387,694**	163,716,770
Current assets			
Trade and bill receivables	13	**194,927,431**	175,140,697
Prepayments, deposits and other receivables		**64,055,537**	8,316,527
Cash and cash equivalents		**50,743,380**	144,609,439
Total current assets		**309,726,348**	328,066,663
Total assets		**492,114,042**	491,783,433
Liabilities			
Current liabilities			
Trade payables	14	**31,331,821**	29,096,090
Other payables and accruals		**1,355,721**	20,883,857
Bank borrowings	10	**2,000,000**	–
Current tax liabilities		**3,764,488**	8,006,836
Total current liabilities		**38,452,030**	57,986,783
Net current assets		**271,274,318**	270,079,880
Total assets less current liabilities		**453,662,012**	433,796,650
Non-current liabilities			
Deferred tax liabilities		**507,428**	639,800
Total non-current liabilities		**507,428**	639,800
Total liabilities		**38,959,458**	58,626,583
Net assets		**453,154,584**	433,156,850
Equity attributable to owners of the Company			
Issued share capital		**2,037,682**	1,996,737
Reserves		**451,116,902**	431,160,113
TOTAL EQUITY		**453,154,584**	433,156,850

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital *RMB*	Share premium *RMB*	Capital surplus *RMB*	Exchange reserve *RMB*	Statutory reserve *RMB*	Retained profit *RMB*	Total equity *RMB*
As at 1 January 2015	1,996,737	203,009,101	2,000,000	(918,314)	6,656,398	183,006,566	395,750,488
Profit and total comprehensive income for the period	–	–	–	–	–	13,752,464	13,752,464
Exchange differences on translation of foreign operations	–	–	–	105,432	–	–	105,432
As at 30 June 2015	1,996,737	203,009,101	2,000,000	(812,882)	6,656,398	196,759,030	409,608,384

	Issued share capital ***RMB***	**Share premium** ***RMB***	**Capital surplus** ***RMB***	**Exchange reserve** ***RMB***	**Statutory reserve** ***RMB***	**Retained profit** ***RMB***	**Total equity** ***RMB***
As at 1 January 2016	**1,996,737**	**203,009,101**	**2,000,000**	**(868,778)**	**7,922,791**	**219,096,999**	**433,156,850**
Issue of ordinary shares	**40,945**	**9,867,544**	**–**	**–**	**–**	**–**	**9,908,489**
Profit and total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**10,044,603**	**10,044,603**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**44,642**	**–**	**–**	**44,642**
As at 30 June 2016	**2,037,682**	**212,876,645**	**2,000,000**	**(824,136)**	**7,922,791**	**229,141,602**	**453,154,584**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited For the six months ended 30 June	
	2016	2015
	RMB	*RMB*
Profit before income tax expense	**12,186,807**	19,804,956
Adjustments for:		
Interest expense	**84,000**	530,640
Interest income	**(279,279)**	(642,079)
Amortisation of intangible assets	**535,814**	535,815
Depreciation of property, plant and equipment	**563,319**	362,349
Share of profits of associates	**(1,394,902)**	(3,927)
Impairment of trade receivables	**–**	–
Increase in deferred income tax liabilities	**(132,373)**	(132,373)
Gain on disposal of financial assets at fair value through profit or loss	**(4,405)**	–
Decrease/(increase) in trade and bills receivables	**(19,786,735)**	(39,698,167)
Decrease/(increase) in prepayments, deposits and other receivables	**(55,145,475)**	11,443,764
Increase/(decrease) in trade payables	**2,235,732**	3,304,859
Increase/(decrease) in other payables and accruals	**(7,993,964)**	(9,222,098)
Cash flows from/(used in) operating activities	**(69,131,461)**	(13,716,261)
Income taxes paid	**(8,330,140)**	(8,491,175)
Net cash from/(used in) operating activities	**(77,461,601)**	(22,207,436)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,529,647)**	(1,807,218)
Disposal of property, plant and equipment	**–**	97,087
Fixed assets management	**–**	–
Acquisition of subsidiaries	**(17,150,000)**	–
Interest received	**283,685**	642,079
Net cash generated from/(used in) investing activities	**(18,395,962)**	(1,068,052)
Cash flows from financing activities		
New bank borrowings	**2,000,000**	–
Repayment of bank borrowings	**–**	(5,000,000)
Interest paid	**(84,000)**	(530,640)
Net cash (used in)/generated from financing activities	**1,916,000**	(5,530,640)
Net increase/(decrease) in cash and cash equivalents	**(93,941,563)**	(28,806,128)
Effect of exchange rate changes on cash and cash equivalents	**75,504**	(126,345)
Cash and cash equivalents at the beginning of the period	**144,609,439**	109,623,593
Cash and cash equivalents at the end of the period	**50,743,380**	80,691,120
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**50,743,380**	80,691,120

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Branding China Group Limited ("Branding China" or the "Company", together with its subsidiaries, the "Group") was incorporated as an exempted company with limited liability in the Cayman Islands on 15 March 2011. Pursuant to the reorganisation (the "Reorganisation") of the Group, the Company became the holding company of the Group on 26 August 2011. Details of the Reorganisation are set out in the prospectus of the Company dated 17 April 2012 (the "Prospectus"). The shares of the Company were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 27 April 2012. In 2015, a formal application was made by the Company to the Stock Exchange for the transfer of listing from the Growth Enterprise Market to the Main Board of the Stock Exchange. The application was approved and the dealing of the shares of the Company on the Main Board of the Stock Exchange has commenced on 8 September 2015 (stock code: 863). During the Review Period, the Group was principally engaged in providing its clients with corporate entrepreneurship and development services, including park area services, equity investment services, corporate value-added services and integrated marketing communication services.

2. BASIS OF PRESENTATION AND PREPARATION

The condensed consolidated financial statements for the Review Period have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), the International Accounting Standards and Standing Interpretations Committee's interpretations approved by the International Accounting Standards Committee, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. The condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except otherwise indicated. The condensed consolidated financial statements are unaudited but have been reviewed by the audit committee of the Company (the "Audit Committee").

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation used in the preparation of the unaudited condensed consolidated financial statements of the Group for the Review Period are consistent with those applied in the Group's audited financial statements for the year ended 31 December 2015.

4. ADOPTION OF NEW AND REVISED IFRSS

In the Review Period, the Group has adopted a number of new and revised IFRSs, amendments to International Accounting Standards and Interpretations (hereinafter collectively referred to as the "new and revised IFRSs") issued by the IASB that are relevant to the Group and effective for accounting periods beginning on or after 1 January 2013. The adoption of these new and revised IFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the Review Period and prior periods/years.

The Group has not adopted the new and revised IFRSs that have been issued but are not yet effective. The Directors anticipate that the application of the new and revised IFRSs will have no material impact on the results and financial position of the Group.

5. SEGMENT REPORTING

The chief operating decision-maker of the Group has been identified as the executive directors of the Company. The executive directors regularly review revenue and operating results derived from provision of advertising services, public relation services and event marketing services on an aggregate basis and consider them as one single operating segment.

No geographical information is presented as the Group's operations are located in the PRC.

Information about major clients during the reporting periods, turnover from clients contributing over 10% of total revenue of the Group is as follows:

	For the six months ended 30 June							
	2016				2015			
	Advertising Income	**Public relations income**	**Event marketing income**	**Total**	Advertising Income	Public relations income	Event marketing income	Total
	RMB	***RMB***	***RMB***	***RMB***	*RMB*	*RMB*	*RMB*	*RMB*
Client A	**–**	**22,492,391**	**–**	**22,492,391**	–	18,384,508	–	18,384,508

6. REVENUE

Revenue, which is also the Group's turnover, represents income from advertising, public relation services and event marketing services, net of business tax and surcharges.

The following table sets forth the breakdown of revenue:

	Unaudited For the six months ended 30 June	
	2016	2015
	RMB	*RMB*
Advertising income	**44,831,991**	92,080,337
Public relation services income	**30,548,487**	36,965,376
Event marketing services income	**4,785,314**	20,215,433
Less: business tax and surcharges	**451,392**	1,249,575
Total	**79,714,400**	148,011,571

7. OTHER INCOME AND GAINS

	Unaudited For the six months ended 30 June	
	2016	2015
	RMB	*RMB*
Other income and gains:		
Interest income	**279,279**	642,079
Government subsidies	**3,399,256**	1,141,654
Other	**8,247**	233
Total	**3,686,782**	1,783,966

8. INCOME TAX EXPENSE

	Unaudited For the six months ended 30 June	
	2016	2015
	RMB	*RMB*
Current tax		
– PRC corporate income tax	**2,142,204**	6,052,492
Income tax expense	**2,142,204**	6,052,492

9. DIVIDENDS

The board of Directors (the "Board") of the Company did not recommend the payment of any interim dividend for the Review Period (for the six months ended 30 June 2015: Nil).

10. BANK BORROWINGS

	Unaudited As at 30 June 2016 *RMB*	Audited As at 31 December 2015 *RMB*
Unsecured interest-bearing loans	**2,000,000**	–

11. DEPRECIATION AND AMORTISATION

	Unaudited For the six months ended 30 June 2016 *RMB*	 2015 *RMB*
Amortisation of intangible assets	**535,814**	535,815
Depreciation of property, plant and equipment	**563,319**	362,349

12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to owners of the Group of RMB10,044,603 for the Review Period (for the six months ended 30 June 2015: approximately RMB13,752,464), and the weighted average number of ordinary shares of 248,463,822 shares (for the six months ended 30 June 2015: 246,810,194 shares).

Diluted earnings per share equals to basic earnings per share, as there were no potential dilutive ordinary shares issued during the six months ended 30 June 2016.

13. TRADE AND BILL RECEIVABLES

In respect of the trade receivables of the Group, different credit periods are extended to its customers, ranging from 30 days to 360 days, depending on the types of products sold or services provided to customers in the transactions.

The breakdown of trade and bill receivables as at the end of the announcement is as follows:

	Unaudited As at 30 June 2016 *RMB*	Audited As at 31 December 2015 *RMB*
Trade receivables	**193,040,306**	169,364,572
Less: provisions made	**(162,875)**	(123,875)
	192,877,431	169,240,697
Bill receivables	**2,050,000**	5,900,000
Total	**194,927,431**	175,140,697

An ageing analysis of the Group's trade receivables as at the end of the announcement, based on the provision of service date, is as follows:

	Unaudited As at 30 June 2016 *RMB*	Audited As at 31 December 2015 *RMB*
Not more than 1 month	**22,478,826**	44,372,921
More than 1 month but not more than 3 months	**34,407,512**	58,633,443
More than 3 months but not more than 6 months	**18,996,005**	36,270,325
More than 6 months but not more than 1 year	**105,119,966**	25,885,144
Over 1 year	**11,875,122**	4,078,864
	192,877,431	169,240,697
Bill receivables	**2,050,000**	5,900,000
Total	**194,927,431**	175,140,697

Note: As the date of this announcement, the recovery of the trade receivables for the period is: RMB26,214,131.

14. TRADE PAYABLES

The breakdown of trade payables as at the end of the announcement is as follows:

	Unaudited As at 30 June 2016 *RMB*	Audited As at 31 December 2015 *RMB*
Trade payables	**31,331,821**	29,096,090

An ageing analysis of the trade payables at the end of the announcement is as follows:

	Unaudited As at 30 June 2016 *RMB*	Audited As at 31 December 2015 *RMB*
Not more than 1 month	**4,317,900**	12,635,755
More than 1 month but not more than 3 months	**10,020,122**	3,588,824
More than 3 month but not more than 6 months	**5,815,122**	4,421,438
More than 6 months but not more than 1 year	**5,737,062**	4,598,743
Over a year	**5,441,615**	3,851,330
Total	**31,331,821**	29,096,090

15. GOODWILL

Goodwill represents the value of the entire equity interests of the shareholders of Ju Liu Information less the fair value of all identifiable assets and liabilities on the date of acquisition of the equity interests.

16. INTANGIBLE ASSETS

	Customer relationship *RMB*	**Computer software** *RMB*	**Total** *RMB*
Cost:			
As at 1 January 2016	4,351,600	1,069,796	5,421,396
Addition	–	–	–
As at 30 June 2016	4,351,600	1,069,796	5,421,396
Accumulated amortization:			
As at 1 January 2016	2,248,327	508,455	2,756,782
Charge for the period	435,160	100,654	535,814
As at 30 June 2016	2,683,487	609,109	3,292,596
Net book value			
As at 30 June 2016	1,668,113	460,687	2,128,800

17. INTERESTS IN ASSOCIATES

	Unaudited As at 30 June 2016	Audited As at 31 December 2015
	RMB	*RMB*
Share of net assets	**17,566,412**	1,271,509

The investment in an associate is unlisted equity interests and details of the Group's associate as at 30 June 2016 are as follows:

Name	**Form of business structure**	**Place of establishment and operation**	**Paid-up registered capital (RMB)**	**Attributable equity interests indirectly held by the Company**	**Primary business**
Shanghai East Shanghai SumZone Media Company Limited	Corporation	PRC	2,000,000.00	49%	Provision of advertising, consulting, and event marketing services
Shanghai Lingang Cultural Industry Development Company Limited	Corporation	PRC	10,000,000.00	34%	Property development projects for recreational activities, investing consultant, and planning of cultural and artistic exchange activities
Shanghai Yunbao group innovation space management Company Limited	Corporation	PRC	10,000,000.00	49%	Management and operation of "group innovation space"

BUSINESS REVIEW

For the six months ended 30 June 2016, the total revenue of the Group was RMB79,714,400, representing a decrease of RMB68,297,171 from RMB148,011,571 as compared with the corresponding period of last year. The gross profit for the six months ended 30 June 2016 decreased by RMB13,661,200 from RMB37,932,350 to RMB24,271,150 as compared with the corresponding period of last year. The gross profit margin increased to approximately 30.45% for the Review Period from approximately 25.63% as compared with the corresponding period of last year. During the Review Period, the Group recorded RMB10,044,603 for the net profit for the period attributable to owners of the Company, while that of the corresponding period of last year was RMB13,752,464.

FINANCIAL ANALYSIS

Revenue

For the Review Period, the revenue of the Group was RMB79,714,400, representing a decrease of RMB68,297,171 or approximately 46.14% as compared with RMB148,011,571 for the corresponding period of 2015. Such decrease was primarily due to: (i) the impact of the economic downturn that some clients of the Group cut their budgets in advertisement, causing a substantial decrease in the revenue as compared with the corresponding period of last year; and (ii) under the unfavourable climate for traditional print media industry, the revenue from the advertising agency decreased significantly.

Cost of sales and gross profit margin

The cost of sales to the Group mainly comprised the expenses for procuring advertising and/or text advertisements spaces, event organizing and production costs and labour cost. During the Review Period, the Group's cost of sales amounted to RMB55,443,250, representing a substantial decrease as compared with RMB110,079,221 for the corresponding period of 2015. Such decrease was primarily due to (i) the cost reduction as a result of the decrease in revenue; and (ii) the decrease in labour costs resulted from a reduction in the manpower of integrated marketing communication services by the Company in view of the substantial decrease in revenue from such business.

The gross profit margin of the Group increased to approximately 30.45% for the Review Period from approximately 25.63% for the corresponding period of last year. The increase is mainly due to: (i) the fact that the Group increased its pure consultancy business and reduced reliance on media purchase which dragged the overall gross profit of the business income; and (ii) the reduced cost and enhanced efficiency of the Group by way of streamlining its staff.

Selling and distribution expenses

The selling and distribution expenses decreased from RMB3,190,186 for the six months ended 30 June 2015 to RMB614,664 for the Review Period. Such decrease was primarily due to the decrease in labour costs, travelling and transportation expenses and entertainment expenses resulted from reducing the number of sales staff of integrated marketing communication services by the Company in view of the substantial decrease in revenue from such business.

Administrative expenses

During the Review Period, the administrative expenses increased by approximately 2.16% to RMB16,543,896 from RMB16,194,461 for the corresponding period of last year. Such expenses have basically remained stable.

Income tax expenses

For the Review Period, the income tax expenses were RMB2,142,204 as compared with RMB6,052,492 for the corresponding period of last year.

Net Profit

During the Review Period, the net profit of the Group was RMB10,044,603, representing a decrease of RMB3,707,861 or approximately 26.96% as compared with RMB13,752,464 for the corresponding period of 2015. The decrease was primarily due to the slump in revenue from integrated marketing communication services that causes the decrease of net profit.

Liquidity and financial resources

As at 30 June 2016, the Group's cash and cash equivalents, comprising bank deposits and cash in hand of RMB49,864,485 and HK$1,028,345 respectively, amounted to RMB50,743,380, representing a reduction of RMB93,866,059 as compared with the balance at 31 December 2015. As at 30 June 2016, the Group's current ratio was approximately 8.05 (31 December 2015: approximately 5.66). The Group mainly used internal cash flows from operating activities to satisfy its working capital requirements.

As at 30 June 2016, the bank borrowings of the Group were RMB2,000,000. For details, please refer to note 10 to the Condensed Consolidated Interim Financial Statements of the Group. During the Review Period, the repayment of bank borrowings which fall due was RMB0.

The gearing ratio of the Group (total borrowings divided by total equity) was approximately 0.44% (31 December 2015: 0).

Charge on assets

As at 30 June 2016, the Group did not have any charge on its assets for bank borrowings or for any other purposes (31 December 2015: Nil).

Structure of assets

As at 30 June 2016, the Groups had net assets of RMB453,154,584 (31 December 2015: RMB433,156,850), comprising non-current assets of RMB182,387,694 (31 December 2015: RMB163,716,770), and current assets of RMB309,726,348 (31 December 2015: RMB328,066,663).

The Group recorded net current assets of RMB271,274,318 (31 December 2015: RMB270,079,880), mainly comprising cash and cash equivalents of RMB50,743,380 (31 December 2015: RMB144,609,439),and trade and bill receivables of RMB194,927,431 (31 December 2015: RMB175,140,697).

Current liabilities mainly comprised trade payables, other payables and accrued taxes, amounting to RMB31,331,821 (31 December 2015: RMB29,096,090), RMB1,355,721 (31 December 2015: RMB20,883,857), and RMB3,764,488 (31 December 2015: RMB8,006,836) respectively.

Material acquisition and disposal

During the Review Period, there was no acquisition and disposal of subsidiaries and associated companies by the Group.

Significant investments

During the Review Period, the Group did not hold any significant investments.

Future plans for material investments and capital assets

As at 30 June 2016, the Group had no future plans for material investments or capital assets.

Contingent liabilities

As at 30 June 2016, the Group did not have any significant contingent liabilities (31 December 2015: Nil).

Foreign exchange risk

The Group's main operations are in the PRC with most transactions settled in RMB. Some of the Group's bank deposits are denominated in Hong Kong dollars. The Directors are of the opinion that the Group's exposure to foreign exchange risks is insignificant. During the Review Period, the Group did not hedge against any foreign exchange risk as most of the assets, receipts and payments of the Group are denominated in RMB.

Financial policies

It is the Group's treasury policy not to engage in investment in any high risk speculative derivative instrument. During the Review Period, the Group continued to adopt a conservative approach in financial risk management.

Human resources

As at 30 June 2016, the Group had 54 employees in total in the PRC. During the Review Period, the total labour cost (including salaries of sales staff and the salaries of management personnel) amounted to RMB6,576,590 (for the six months ended 30 June 2015: RMB9,625,294). The decrease in labour cost was mainly due to the reduction of labour cost by way of streamlining internal staff of the integrated marketing communication services by the Group in view of the substantial decrease in revenue from such business.

FUTURE PROSPECTS

Under the impact of economic downturn, intensified competition in our industry and the increasing media bargaining power in the industry, the overall marketing industry is challenged. Therefore, the announcement of the business development plan (on the foundation of integrated marketing communication services, to expand provision of services for its corporate customers to include the park area services, equity investment services and corporate value-added services. Meanwhile, its target customers would be expanded to start-ups and developing corporations from developed brand corporations) by the Group in December 2015 was a strategic move in response to the actual situation.

During the Review Period, the Group actively participated in developing the new business. Although it will take some time to achieve profit growth from the new business, the Board believes that, as the new business development further incubates and the service industries continues to expand along with the emergence of new business models and new momentum and the rising domestic consumption, businesses of the Group will benefit from the recovery of macro-economy and continue to grow.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES OF THE COMPANY

During the Review Period, on 29 April 2016, subscription for 4,960,885 shares of the Company by a third-party investor (independent of and not connected with the Company) (the "Investor") pursuant to the subscription agreement dated 16 November 2015 (as amended and supplemented by the supplemental agreement dated 29 February 2016) and entered into between the Company and the Investor was completed and 4,960,885 shares of the Company were allotted and issued to the Investor for an aggregate of approximately HK$12,005,342. For details, please refer to the announcement of the Company dated 29 April 2016.

Save as disclosed above, neither the Company nor its subsidiaries had purchased, sold or redeemed any shares of the Company during the Review Period.

CORPORATE GOVERNANCE CODE

During the Review Period, the Company has complied with all the code provisions of the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules. The Company is committed to maintaining sound corporate governance standards and procedures to ensure the timeliness, transparency and completeness of its information disclosure, and strives to achieve a more standardized operational and effective management, so as to safeguard investors' interests as a whole to the greatest extent.

AUDIT COMMITTEE

The interim results of the Group have not been reviewed by external auditors. The Audit Committee has reviewed the unaudited condensed consolidated financial statements and results of the Group for the Review Period, and considered that such results have been prepared in accordance with the applicable accounting standards and requirements. Meanwhile, the Audit Committee has reviewed the internal control and corporate governance of the Group for the Review Period.

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

Shanghai, the PRC, 29 August 2016

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