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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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.

This announcement, for which the directors (the "Directors") of Branding China Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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.

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2012, the Group recorded revenue of approximately RMB146,939,781

- During the year, the total gross profit of the Group was RMB57,949,470 and the gross profit margin was 39.44%

- During the year, the net profit (excluding listing expenses) of the Group was RMB36,886,220. Taking into account the listing expenses, the net profit for the year ended 31 December 2012 was RMB32,356,395

- The net profit margin (excluding listing expenses) of the Group for the year ended 31 December 2012 was 25.10%. Taking into account the listing expenses, the net profit margin for the year ended 31 December 2012 was 22.02%.

- Earnings per share of the Group for the year ended 31 December 2012 was RMB17.58 cents.

ANNUAL RESULTS

The board of Directors (the "**Board**") of the Company is pleased to announce the audited results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2012 (the "**Review Period**") together with the comparative figures for the last financial year as follows:

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	**2012** ***RMB***	2011 *RMB*
Revenue	4	**146,939,781**	132,026,503
Cost of sales		**(88,990,311)**	(73,125,931)
Gross profit		**57,949,470**	58,900,572
Other income and gains	4	**2,722,498**	502,022
Selling and distribution expenses		**(1,368,188)**	(1,754,277)
Administrative and other expenses		**(14,521,242)**	(9,856,783)
Share of profits of associates		**74,982**	10,730
Profit before income tax expense	5	**44,857,520**	47,802,264
Income tax expense	6	**(12,501,125)**	(13,348,959)
Profit for the year		**32,356,395**	34,453,305
Other comprehensive income			
Exchange differences on translating foreign operations		**(526,581)**	(492,061)
Total comprehensive income for the year		**31,829,814**	33,961,244
Earnings per share			
— Basic and diluted	8	**17.58 cents**	22.97 cents

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2012

	Notes	2012 RMB	2011 RMB
Assets			
Non-current assets			
Property, plant and equipment		**1,196,195**	716,748
Deposits and prepayments	10	**32,700,000**	—
Interests in associates		**1,191,754**	1,116,772
Total non-current assets		**35,087,949**	1,833,520
Current assets			
Trade and bills receivables	9	**77,563,241**	52,066,945
Prepayments, deposits and other receivables	10	**25,909,682**	11,306,344
Amount due from holding company		**—**	16,214
Cash and cash equivalents		**96,215,275**	52,910,699
Total current assets		**199,688,198**	116,300,202
Liabilities			
Current liabilities			
Trade and bills payables	11	**21,912,399**	15,766,176
Other payables and accruals		**3,916,518**	5,262,390
Amount due to a director		**—**	1,199,933
Amount due to a related company		**—**	100,489
Amount due to an associate		**20,000**	201,000
Bank borrowing		**15,000,000**	—
Current tax liabilities		**6,428,119**	8,787,939
Total current liabilities		**47,277,036**	31,317,927
Net current assets		**152,411,162**	84,982,275
NET ASSETS		**187,499,111**	86,815,795
Equity attributable to owners of the Company			
Issued capital	12	**1,618,440**	8
Reserves		**185,880,671**	86,815,787
TOTAL EQUITY		**187,499,111**	86,815,795

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For The Year Ended 31 December 2012

	Issued capital *RMB*	Share premium* *RMB*	Surplus* *RMB*	Exchange reserve* *RMB*	Statutory reserve* *RMB*	Retained profits* *RMB*	Total equity *RMB*
At 1 January 2011	—	—	2,000,000	—	1,000,000	29,964,520	32,964,520
Profit for the year	—	—	—	—	—	34,453,305	34,453,305
Other comprehensive income	—	—	—	(492,061)	—	—	(492,061)
Total comprehensive income	—	—	—	(492,061)	—	34,453,305	33,961,244
Issue of ordinary shares	8	19,890,023	—	—	—	—	19,890,031
Appropriation to statutory reserve	—	—	—	—	2,316,069	(2,316,069)	—
At 31 December 2011 and 1 January 2012	8	19,890,023	2,000,000	(492,061)	3,316,069	62,101,756	86,815,795
Profit for the year	—	—	—	—	—	32,356,395	32,356,395
Other comprehensive income	—	—	—	(526,581)	—	—	(526,581)
Total comprehensive income	—	—	—	(526,581)	—	32,356,395	31,829,814
Capitalisation issue	1,213,822	(1,213,822)	—	—	—	—	—
Shares issued on placing, net of expenses	404,610	68,448,892	—	—	—	—	68,853,502
Appropriation to statutory reserve	—	—	—	—	536,786	(536,786)	—
At 31 December 2012	1,618,440	87,125,093	2,000,000	(1,018,642)	3,852,855	93,921,365	187,499,111

* These reserve accounts comprise the combined reserves of RMB185,880,671 and RMB 86,815,787 in the consolidated statements of financial position as at 31 December 2012 and 2011 respectively.

NOTES

1. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs") and Interpretations (hereinafter collectively referred to as the "IFRSs") issued by International Accounting Standards Board, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

The financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

2. ADOPTION OF IFRSs

(a) Adoption of new/revised IFRSs — effective 1 January 2012

Amendments to IFRS 1	Severe Hyper Inflation and Removal of Fixed Dates for First-time Adopters
Amendments to IFRS 7	Disclosures — Transfers of Financial Assets
Amendments to IAS 12	Deferred tax — Recovery of underlying assets

The adoption of above amendments has no material impact on the Group's financial statements.

(b) New/revised IFRSs that have been issued but are not yet effective

The following new/revised IFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the 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

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

The amendments to IAS 1 (Revised) require the Group 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.

(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 Group is in the process of making an assessment of the potential impact of these pronouncements and the directors so far concluded that they are not yet in a position to quantify the effects on the Group's financial statements.

3. 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

Turnover from clients contributing over 10% of total turnover of the Group is as follows:

	Year ended 31 December							
	2012				2011			
	Advertising income	**Public relation services income**	**Event marketing income**	**Total**	Advertising income	Public relation services income	Event marketing income	Total
	RMB	***RMB***	***RMB***	***RMB***	*RMB*	*RMB*	*RMB*	*RMB*
Client A	**—**	**9,466,848**	**13,016,999**	**22,483,847**	—	13,554,938	4,634,218	18,189,156
Client B	**—**	**—**	**—**	**—**	17,445,100	—	3,500,000	20,945,100
Client C	**12,664,222**	**—**	**3,400,802**	**16,065,024**	—	—	—	—
Client D	**—**	**—**	**—**	**—**	—	—	18,989,000	18,989,000

4. REVENUE AND OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, comprises income from advertising, public relation services and event marketing, net of business tax and cultural business development charge. An analysis of revenue and other income and gains is as follows:

	Year ended 31 December	
	2012	2011
	RMB	*RMB*
Revenue:		
Advertising income	**73,205,900**	89,115,994
Public relation services income	**24,953,455**	21,722,576
Event marketing income	**50,978,609**	29,933,649
	149,137,964	140,772,219
Less: business tax and cultural business development charge *(note)*	**(2,198,183)**	(8,745,716)
Total	**146,939,781**	132,026,503
Other income and gains:		
Interest income	**478,103**	60,648
Income from issue and distribution of the Group's publications	**91,395**	211,329
Reversal of impairment loss on trade receivables	**—**	230,045
Government grant	**2,153,000**	—
Total	**2,722,498**	502,022

Note:

According to the relevant regulation effective from 1 January 2012, the Group is subject to value added tax instead of business tax. For the year ended 31 December 2012, the amount only represented the culture business development charge.

5. PROFIT BEFORE INCOME TAX EXPENSE

The Group's profit before income tax expense is arrived at after charging/(crediting):

	Year ended 31 December	
	2012	2011
	RMB	*RMB*
Depreciation	**197,132**	152,723
Minimum lease payments under operating leases for buildings	**676,000**	676,000
Employee benefit expenses (including directors' remuneration)		
Wages and salaries	**7,551,221**	5,979,837
Pension scheme contributions	**2,185,120**	1,613,142
	9,736,341	7,592,979
Auditor's remuneration	**678,573**	24,000
Loss on disposal of property, plant and equipment	**72,568**	5,828
Impairment loss/(reversal of impairment loss) on trade receivables	**668,711**	(230,045)

6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2012 and 2011.

Taxes on profits assessable in the PRC have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof. 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 all the PRC subsidiaries during the years ended 31 December 2012 and 2011 was 25% on their taxable profits.

The amount of income tax expense charged to the consolidated statement of comprehensive income represents:

	Year ended 31 December	
	2012	2011
	RMB	*RMB*
Current tax - PRC corporate income tax		
— tax for the year	**12,501,125**	13,181,892
— under provision in respect of prior periods	**—**	167,067
Income tax expense	**12,501,125**	13,348,959

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

	Year ended 31 December	
	2012	2011
	RMB	*RMB*
Profit before income tax expense	**44,857,520**	47,802,264
Tax on profit before income tax expense, calculated at 25%	**11,214,380**	11,950,566
Tax effect of share of results of associates	**(18,745)**	(2,683)
Tax effect of non-deductible expenses	**1,699,068**	1,234,164
Tax effect of non-taxable income	**—**	(155)
Under provision in respect of current tax of prior periods	**—**	167,067
Others	**(393,578)**	—
Income tax expense	**12,501,125**	13,348,959

Pursuant to the new PRC Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors.

As at 31 December 2012 and 2011, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in the PRC. It is because in the opinion of the Directors, it is not probable that these subsidiaries will distribute their earnings accrued from 1 January 2008 to 31 December 2012 in the foreseeable future. Accordingly no deferred tax liabilities have been recognised as at 31 December 2012 and 2011.

7. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 December 2012 (2011: Nil).

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of RMB32,356,395 (2011: RMB34,453,305) and the weighted average number of ordinary shares of 184,016,393 (2011: 150,000,000 deemed to have been issued throughout the year ended 31 December 2011) in issue during the year ended 31 December 2012.

Diluted earnings per share equals to basic earnings per share, as there were no potentially dilutive ordinary shares issued during the years ended 31 December 2012 and 2011.

9. TRADE AND BILLS RECEIVABLES

	31 December	
	2012	2011
	RMB	*RMB*
Trade receivables from:		
— third parties	**73,130,747**	45,811,900
— related companies	**—**	2,313,000
Less: impairment	**(668,711)**	—
	72,462,036	48,124,900
Bills receivable	**5,101,205**	3,942,045
	77,563,241	52,066,945

The Group's trading terms with its clients are mainly on credit. The credit period is generally 90 days to 210 days. The Group seeks to apply strict control over its outstanding receivables to minimise credit risk. Although the Group's trade receivables relate to a number of clients, however, there is concentration of credit risk. The trade receivables from the five largest debtors at 31 December 2012 represented 57% (2011: 59%) of total trade receivables, while 23% (2011: 16%) of the total receivables were due from the largest debtor. All the trade receivables are non-interest-bearing.

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

	31 December	
	2012	2011
	RMB	*RMB*
Not more than 1 month	**19,100,585**	13,631,132
More than 1 month but not more than 3 months	**19,776,100**	17,633,140
More than 3 months but not more than 6 months	**23,445,111**	8,493,031
More than 6 months but not more than 1 year	**10,111,640**	8,367,597
Over 1 year	**28,600**	—
	72,462,036	48,124,900
Bills receivable	**5,101,205**	3,942,045
	77,563,241	52,066,945

The analysis of the Group's trade receivables that were past due but not impaired as at the end of each of the reporting periods, is as follows.

	31 December	
	2012	2011
	RMB	*RMB*
Neither past due nor impaired *(Note i)*	**56,700,428**	38,363,203
Less than 1 month past due	**4,757,097**	694,900
1 to 3 months past due	**10,202,841**	8,035,297
More than 3 months but less than 12 months past due	**801,670**	1,031,500
	72,462,036	48,124,900

Notes:

(i) 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.

(ii) Receivables that were past due but not impaired relate to a number of independent clients that have a good track record with the Group. Based on past experience, the Directors are 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 still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The below table reconciled the impairment loss of trade receivables:

	31 December	
	2012	2011
	RMB	*RMB*
At the beginning of the year	**—**	230,045
Impairment loss recognised	**668,711**	—
Reversal of impairment loss	**—**	(230,045)
At the end of the year	**668,711**	—

The Group and the Company recognised impairment loss on individual assessment.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		31 December	
		2012	2011
	Notes	***RMB***	*RMB*
Deposits	(i)&(ii)	**48,387,250**	5,745,935
Prepayments	(iii)	**4,710,951**	2,439,717
Advance payment for event marketing expenses		**5,445,358**	3,092,370
Other receivables		**66,123**	28,322
Total		**58,609,682**	11,306,344
Non-current portion		**(32,700,000)**	—
Current portion		**25,909,682**	11,306,344

Notes:

(i) In December 2012, the Group paid refundable deposits of RMB47,700,000 in total to three independent third party advertising media or its agents for the purchase of advertising space to be utilized by the Group's clients for the years ending 31 December 2013 and 2014. According to the agreement, those deposits of RMB32,700,000 can only be refunded or offset against the advertising expenses after the contract period, and the deposit of RMB15,000,000 can be used to offset the advertising expense during the year ending 31 December 2013.

(ii) In October 2011, the Company signed a memorandum of understanding ("MOU") with an independent third party Internet advertising agent for expansion of advertising business in the Internet. According to the MOU, the Company paid the independent third party a deposit of HK$6,000,000 (RMB4,864,200) which was interest-free and fully refundable. The deposit was fully refunded to the Company in January 2012.

(iii) An amount of RMB2,004,797 was included in prepayments as at 31 December 2011, which represented the prepaid professional fee expenses incurred in connection with the listing of the Company's shares on the GEM of the Stock Exchange. The prepaid professional fee expenses have been set off against the share premium account of the Company during the year ended 31 December 2012.

11. TRADE AND BILLS PAYABLES

	31 December 2012 RMB	2011 RMB
Trade payables	**21,564,303**	15,766,176
Bills payable	**348,096**	—
	21,912,399	15,766,176

Trade payables are non-interest-bearing. The Group is normally granted with credit terms of about 90-180 days.

An ageing analysis of the Group's trade payables as at the end of each of the reporting periods, based on the date on which service was rendered or product was received, is as follows:

	31 December 2012 RMB	2011 RMB
Not more than 1 month	**13,525,200**	5,625,780
More than 1 month but not more than 3 months	**4,691,715**	1,710,157
More than 3 months but not more than 6 months	**1,967,471**	119,239
More than 6 months but not more than 1 year	**1,008,227**	8,311,000
Over 1 year	**371,690**	—
	21,564,303	15,766,176
Bills payable	**348,096**	—
	21,912,399	15,766,176

12. SHARE CAPITAL

The following changes in the Company's authorised and issued share capital took place during the period from 15 March 2011 (date of incorporation) to 31 December 2012:

	Number	*RMB*
Authorised:		
Upon incorporation (38,000,000 shares of HK$0.01 each) and 31 December 2011	**38,000,000**	316,016
Increase in authorised share capital on 10 April 2012	**1,962,000,000**	16,316,405
At 31 December 2012	**2,000,000,000**	16,632,421
Issued and fully paid:		
Upon incorporation (1 share of HK$0.01 issued fully paid)	**1**	—
879 and 120 fully paid shares were issued on 18 April 2011 and 25 May 2011, respectively	**999**	8
At 31 December 2011	**1,000**	8
Capitalisation issue credited as fully paid on the share premium account of the Company *(note a)*	**149,999,000**	1,213,822
Shares issued on placing *(note b)*	**50,000,000**	404,610
At 31 December 2012	**200,000,000**	1,618,440

Notes:

(a) Pursuant to the resolution passed on 10 April 2012, 149,999,000 shares were allotted and issued at a par value of HK$0.01 each in proportion to the holders of shares whose names appear on the register of members of the Company at the close of business on 5 April 2012.

(b) Pursuant to the share placing on 27 April 2012, 50,000,000 shares of HK$0.01 each were issued at a price of HK$1.98 per share. Accordingly, the Company's share capital was increased by RMB404,610 and the balance of the proceeds of RMB79,162,977, after deducting the listing expenses of RMB10,714,085 was credited to the share premium account.

13. EVENT AFTER THE REPORTING PERIOD

On 21 March 2013, the Company entered into the non-legally binding potential investment memorandum of understanding ("**Potential Investment MOU**") with an independent third party in respect of a potential acquisition of a wireless marketing services company in the PRC. Pursuant to the Potential Investment MOU, the Company intends to acquire 100% equity interest of the target company at a proposed consideration in the amount of RMB150 million. Please refer to the announcement of the Company dated 21 March 2013 for further details.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

For the year ended 31 December 2012, the Group recorded revenue of approximately RMB146,939,781, representing an increase of approximately 11.30% or RMB14,913,278 as compared with RMB132,026,503 for the year ended 31 December 2011. The total gross profit of the Group was RMB57,949,470 for the year ended 31 December 2012, representing a slight decrease of approximately 1.61% or RMB951,100 as compared with RMB58,900,572 for the year ended 31 December 2011. The gross profit margin decreased to approximately 39.44% for the current year from 44.61% for the last year. The net profit (excluding listing expenses) of the Group for the year ended 31 December 2012 increased by 7.89% to RMB36,886,220 from 40,043,720 for the same period last year. Taking into account the listing expenses, the net profit for the year ended 31 December 2012 decreased to RMB32,356,395 by 6.09% from the year ended 31 December 2011. The net profit margin (excluding listing expenses) of the Group for the year ended 31 December 2012 decreased to 25.10% from 30.33% for the same period last year. Taking into account the listing expenses, the net profit margin for the three months ended 31 December 2012 decreased to 22.02% from 26.10% for the same period last year. Earnings per share of the Group for the year ended 31 December 2012 was RMB17.58 cents.

BUSINESS REVIEW

The Group is a provider of value-added branding services with a unique business model, focusing on serving brands in the high value consumer goods sector. The Group provides one-stop integrated marketing communications services to clients, including advertising communications, public relation ("**PR**") services and event marketing. Currently, our clients include brands in the automobile, home fashion and financial service sectors. The Group focuses on serving clients' needs and is supported by diversified media networks and service resources, including various media such as newspapers, magazines, the Internet, mobile phones and outdoor media as well as various event venues. The Group places particular emphasis on integrating its digital media business with advertising, PR and event marketing businesses, creating a new value-added branding service model. During 2012, the Group optimised its existing professional teams, further consolidated media resources, strengthened capabilities for diversified services and vigorously developed business partners. At the same time, the Group kept diversifying the sectors of clients served by it, and set about developing clients in the travel, financial, commercial property and retail sectors.

The Group's principal business activities include advertising communications, PR communications and event marketing. The Group attaches great importance to the development of digital marketing business and continues to expand its digital marketing platform and enhance abilities for digital marketing services.

ADVERTISING COMMUNICATIONS

As part of the customised branding and marketing services, the Group provides professional and well-targeted advertising communications services to our clients through the SMU Publications, *www.cnnauto.com*, our self-operated website, and other media. The Group provides various forms of media for clients to place advertisements, ranging from newspapers, magazines, the Internet to mobile phones and outdoor media. The Group's own media resources are the SMU Publications which include *Auto 007, Auto Report, I home, Shanghai Today, Shanghai Scene* and our self-operated website, CN 汽車網(*www.cnnauto.com*) (collectively, the "**SMU Publications**"). The advertising media in which the Company operates in cooperation with external partners cover the mainstream media of Shanghai and China at large, including outdoor billboards located at the prime sites of Shanghai.

Part of the Group's advertising income was generated from SMU Publications. The advertising income derived from the self-operated SMU publications for the year ended 31 December 2012 amounted to RMB39,153,831, representing an decrease of approximately 24.06% from the same period last year. During 2012, the Group's self-operated website, *www.cnnauto.com*, attracted far more hits than it did during the same period last year benefiting from the Group's increase in investment in upgrading of the website. During the year ended 31 December 2012, *www.cnnauto.com* generated an advertising income of RMB4,156,431, representing an increase of approximately 12.65% over the same period last year. By leveraging its advantages in media resources, the Group placed advertisements for its clients on China's mainstream media and generated income from its advertising agency business. Main advertising media partners of the Group include *Jiefang Daily* (解放日報), *Shanghai Morning Post* (新聞晨報), *Xinmin Evening* (新民晚報), *Shanghai Business Daily* (上海商報), *Orient Morning Post* (東方早報) and operators of outdoor billboards located at prime sites of Shanghai.

The Group aggressively expanded the advertising client resources to generate more advertising income. On one hand, the Group continued to explore clients in the automobile and home fashion sectors, and successfully secured certain clients in these sectors in the first half of the year. On the other hand, the Group actively developed clients in other sectors, and secured certain clients in the financial services industry during 2012.

The income from the advertising communications business for the year ended 31 December 2012 was RMB73,205,900, representing a decrease of approximately 17.85% or RMB15,910,094 as compared with RMB89,115,994 for the year ended 31 December 2011. The increase was mainly due to the fact that certain clients of the Group had changed their orders for our integrated marketing communications advertising communications to orders for event marketing services as a result of adjustments to their brand promotion plans during the Review Period.

PR COMMUNICATIONS

PR communications are an integral part of our one-stop branding services, which are focused on providing the clients with tailored PR strategies as well as well-targeted and effective communications solutions, usually including PR consultation, PR communications and media coverage and monitoring. This business can also be divided into traditional PR and electronic public relations ("**EPR**") depending on the type of media channels.

In providing marketing and communications services to brand owners via the digital media, the Group has accumulated extensive digital media resources, including mainstream websites and leading wireless media in China, which allows the Group to offer brand owners faster, more far-reaching and interactive EPR services (portal-based PR communications, Internet-community-based word-of-mouth communications and the emerging microblog marketing, etc.). Among the Group's EPR clients, the number of clients in the home fashion industry increased during 2012. In addition, the microblog marketing project the Company undertook for a renowned brand owner in the automobile industry ranked first on the "List of 2012 Most Influential Microblogs for the Auto Industry on Sina Microblog" (2012年新浪微博年度汽車行業微博影響力排行榜) published at the official website of Sina.com in December 2012.

For the year ended 31 December 2012, the PR communications income was RMB24,953,455, representing a slight decrease of 14.87% or RMB3,230,879 as compared with RMB21,722,576 for the year ended 31 December 2011. Such an increase was mainly attributable to the Group's increasing focus on its digital marketing business as a key sector for business development. During 2012, by accelerating the development of its digital marketing professional team and continuously amassing digital media communications resources to gain higher market shares, the Group achieved substantial increase in the income from the EPR business and thus boosted the overall income from the Group's PR communications business. During the Review Period, the EPR income was RMB16,162,370 representing a significant increase of approximately 175.27% or RMB10,290,880 as compared to the same period last year.

EVENT MARKETING

The Group organises and implements event marketing projects for clients from time to time, which usually includes press conferences, new products road shows, conventions, exhibitions, forums and celebration activities. As an important part of the Company's integrated marketing communications services, the Group organises marketing and promotional campaigns in accordance with the specific requirements of its clients with a view to enhancing the brand awareness amongst the potential consumers. Below-the-line (BTL) marketing has become an indispensable part of brand marketing. Our event marketing division plans and implements customised marketing events for our clients with a view to increasing public awareness of their brands and products and enabling the end users to have direct experience and form an impression of the products so as to achieve a deeper understanding of such products, or even prompting them to buy the products instantly.

The income from multiple event marketing projects undertaken by the Group in 2012 amounted to RMB50,978,609, representing a significant increase of approximately 70.31% or RMB21,044,960 as compared with RMB29,933,649 as at 31 December 2011. Such huge increase was mainly due to clients' increasing satisfaction with the communication effects of the Group's event marketing services as a result of innovative event marketing methods and enhanced strategies, which in turn led to a substantial growth in the quantity of orders for Company's event marketing services.

OTHER INCOME AND GAINS

Other income and gains increased from RMB502,022 for the year ended 31 December 2011 to RMB2,722,498 for the year ended 31 December 2012, which mainly represented distribution income, interest income and subsidy income. The subsidy income represented subsidies granted by the government to enterprises which have to pay more taxes due to the reclassification of sales tax to value-added tax under the recent tax reform.

COST OF SALES AND GROSS PROFIT

For the year ended 31 December 2012, the key components of the Group's cost of sales comprised content production, printing and distribution costs of the SMU Publications, operating costs of *www.cnnauto.com*, expenses for procuring advertising and / or text advertisements space as well as event organising and production costs. The Group's cost of sales for the year ended 31 December 2012 amounted to RMB88,990,311, representing an increase of approximately 21.69% or RMB15,864,380 as compared with RMB73,125,931 for the year ended 31 December 2011. Such increase was due to the increase in relevant costs associated with the growing volume of the Group's advertising agency communications services.

For the year ended 31 December 2012, the Group achieved a gross profit of RMB57,949,470, representing a slight decrease of approximately 1.61% or RMB951,102 as compared with RMB58,900,572 for the year ended 31 December 2011. The Group's gross profit margin decreased from 44.61% for the year ended 31 December 2011 to 39.44% for the year ended 31 December 2012. The decrease in our gross profit margin was primarily due to higher costs as a result of the increase in tax costs arising from the reclassification of sales tax to value-added tax and the increase in labor costs as a result of the expansion of the Company's professional teams in the same year.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the period amounted to RMB1,368,188, representing a decrease of approximately 22.01% as compared with RMB1,754,277 for the year ended 31 December 2011. The decrease was mainly due to the fact that the Group's selling and distribution expenses for 2011 primarily represented travelling expenses, entertainment expenses and salaries of certain sales staff while the selling and distribution expenses for 2012 mainly represented travelling expenses and entertainment expenses only as the salaries of certain sales staff were reclassified to cost of sales during the Review Period.

ADMINISTRATIVE AND OTHER EXPENSES

Administrative and other expenses for the period increased by RMB4,664,459 or approximately 47.32% as compared with the same period last year to RMB14,521,242. The increase was primarily due to the facts that (i) the condensed consolidated statement of the Group's comprehensive income included listing expenses of RMB4,529,825 of the Group during the Review Period; (ii) the Group expanded its professional team and established new departments, which had resulted in increases in labor costs; and (iii) increased business volume of the Group led to corresponding rises in the administrative and other expenses.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2012, the Group's cash and cash equivalents, comprising bank deposits and cash on hand, amounted to RMB96,215,275, representing a net increase of RMB43,304,576 as compared with the balance as at 31 December 2011. As at 31 December 2012, our current ratio was 4.22 (31st December, 2011: 3.71). The Group mainly used internal cash flows from operating activities to satisfy its working capital requirements.

PLEDGE OF ASSETS

As at 31 December 2012, the Group had no assets pledged for bank borrowings or for other purposes (31st December, 2011: Nil).

CONTINGENT LIABILITIES

As at 31 December 2012, the Group did not have any significant contingent liabilities.

FOREIGN EXCHANGE RISK

The Group mainly operates in the PRC with most of its transactions settled in Renminbi. 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 risk is insignificant. During the Review Period, the Group did not hedge any exposure to foreign exchange risk.

HUMAN RESOURCES

As at 31 December 2012, the Group had approximately 152 employees in total in the PRC. The Group's remuneration policy is formulated based on industry practices and the performance of individual employees. During the Review Period, the Group's total staff cost was approximately RMB9,736,341 (for the year ended 31 December 2011: RMB7,592,979). The rise in human resources costs was due to higher labor costs as compared with last year due to the expansion of its professional team by the Group.

USE OF NET PROCEEDS FROM THE PLACING

The shares of the Group were listed on the GEM of the Stock Exchange on 27 April 2012 (the "**Listing Date**"), and the net proceeds from the Placing (as defined in the prospectus of the Company dated 17 April 2012 (the "**Prospectus**")) were approximately RMB75,300,500.

According to the future plans of the Group set out in the section "Future plans and use of proceeds" of the Prospectus, the Group's actual business progress and use of proceeds as at 31 December 2012 were as follows:

	Business targets for the period from the Latest Practicable Date as defined in the Prospectus to 31 December 2012	Actual business progress as at 31 December 2012	Use of proceeds
Introduction of new media covering new industries	• To launch a new media covering the travel Industry.	• The Group has not yet developed this new media business.	Planned investment: HK$700,000 Actual investment: 0 The proceeds which have not been used as planned will be applied for future business development of the Company.
Expansion of professional team	• To continue to serve the existing clients and generate more revenue. • To secure at least one new client from automobile industry contributing more than RMB one million in revenue to our Group annually. • To secure at least ten new clients from the home fashion industry. • To secure at least one new client from the financial industry, and secure new clients from the travel industry.	• In 2012, the Group recruited 30 employees as planned. • The Group developed 17 new clients from the home fashion industry and 1 new client from the financial industry in 2012.	Planned investment: HK$1,050,000 Actual investment: RMB909,960 (approximately HK$1,120,500)

Expansion of digital marketing platform	• To revamp *www.cnnauto.com* to enhance its influence. • To start the research and development of database marketing on the platform of E-Times Club. • To start the strategic cooperation with at least one major internet portal company. • To introduce new digital marketing services for clients in the automobile, home fashion, financial services and travel industries targeting users in online social communities including microblogs. • To research and develop mobile phone version of the SMU Publications. • To explore more Internet advertising business and continue to expand our EPR operation and generate more revenue from digital marketing	• In 2012, the Group optimised its self-operated website *www.cnnauto.com*, with advertising income from *www.cnnauto.com* amounting to RMB4,156,430, up 12.65% from the same period last year. • Based on the existing platform of E-Times Club, the Group embarked on the research and development of the database marketing management system and combined this system with the existing media channels to provide more value-added and effective marketing communications services for brands and products. • The Group intends to cooperate with certain major internet portals and may enter into strategic cooperations with them in the second half of the year. • The Group increased its EPR clients and provided more extensive EPR services through its self-operated website, major news portals, automobile industry portals, finance portals and popular web communities.	Planned investment: HK$1,750,000 Actual investment: RMB519,010 (approximately HK$639,100).

Expansion of geographic coverage	• To establish Nanjing office. • To establish Tianjin office.	• The Nanjing office and Tianjin office have yet to be set up as the Group is still identifying the suitable team for prudence sake and will establish the offices when appropriate.	Planned investment: HK$1,050,000 Actual investment: 0 The proceeds which have not been used as planned will be applied for future business development of the Company.
Mergers and acquisitions	• To acquire a company complimentary to our integrated marketing communications services subject to favourable market conditions.	• The Group has not yet acquired any company.	Planned investment: HK$21,000,000 Actual investment: 0 The proceeds which have not been used as planned will be applied for future business development of the Company.

FUTURE PROSPECTS

With the development of domestic economy and the continuous progress of urbanisation, the Group will benefit from the rapid development of the domestic consumer market in China as well as the favourable government policies to support to new service industries and cultural industries. The Group is optimistic about the future development prospects of its existing businesses. By taking advantage of the general trend of growing domestic consumption in China, the Group will continue to provide professional one-stop value-added branding services to clients.

Going forward, the Group will further expand and optimise its clients in the automobile and home fashion sectors and proactively develop new clients in other sectors in order to tap more business opportunities. The Group will also continue to expand its media resources and digital marketing business. Meanwhile, to further optimise its business model and expand business scale, the Group will acquire companies that can complement its existing businesses under favorable market conditions.

Digital marketing business is one of the key driving forces for the Group's business expansion. The Group will continue to improve its existing digital marketing tools, further research on and develop new digital media platforms and products, and introduce digital marketing services to clients in the automobile, home fashion and travel sectors. The microblog marketing project the Company undertook for a renowned brand-name client in the automobile industry ranked first on the "List of 2012 Most Influential Microblogs for the Auto Industry on Sina Microblog" (2012年新浪微博年度汽車行業微博影響力排行榜) published at the official website of Sina.com in December 2012, which boosted our confidence in our digital marketing business for 2013.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Since the shares of the Company were listed on the GEM on the Listing Date, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the year ended 31 December 2012.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance. The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "**Code**") contained in Appendix 15 to the GEM Listing Rules from the Listing Date up to 31 December 2012.

The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, comply with tighter regulatory requirements and meet the growing expectations of shareholders and investors.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standard of dealings concerning securities transactions by the directors from the Listing Date and up to 31 December 2012.

DIVIDENDS

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2012 (2011: Nil).

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2012.

INTERESTS OF THE COMPLIANCE ADVISER

None of 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 share capital of the Company as at 31 December 2012 pursuant to Rule 6A.32 of the GEM Listing Rules.

THE INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at the date of this announcement, the interests and short positions of the directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571) of the laws of Hong Kong) (the "SFO") which will have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules required to be notified to the Company and the Stock Exchange, are as follows:

Long positions in the ordinary shares of the Company

Number of ordinary shares

Name of director	Personal interest	Family interest	Interest in controlled corporation	Total	Percentage of the issued share capital
Mr. Fang Bin (方彬)	—	—	112,500,000[1]	112,500,000	56.25%
Mr. Lin Kaiwen (林凱文)	—	—	18,000,000[2]	18,000,000	9%
Mr. Fan Youyuan (范幼元)	—	—	19,500,000[3]	19,500,000	9.75%

Notes:

1. These shares are owned by Lapta International Limited whose entire interests are beneficially owned by Mr. Fang Bin. Accordingly, under the SFO, Mr. Fang Bin is deemed to be interested in the 112,500,000 shares held by Lapta International Limited.

2. These shares are owned by Jolly Win Management Limited whose entire interests are beneficially owned by Mr. Lin Kaiwen. Accordingly, under the SFO, Mr. Lin Kaiwen is deemed to be interested in the 18,000,000 shares held by Jolly Win Management Limited.

3. These shares are owned by Whales Capital Holdings Limited which is wholly owned by Taocent International Holding Limited whose entire interests are beneficially owned by Mr. Fan Youyuan. Accordingly, under the SFO, Mr. Fan Youyuan is deemed to be interested in the 19,500,000 shares held by Whales Capital Holdings Limited.

Save as disclosed above, as at the date of this announcement, none of the Directors and Chief Executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which will be required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at the date of this announcement, so far as the Directors are aware, without taking into account any shares of the Company which will be issued pursuant to the options which may be granted under the Share Option Scheme as defined below, the interests or short positions owned by the following persons (other than the Directors or Chief Executive of the Company) in the shares or underlying shares of the Company which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or which are required to be recorded in the register of the Company required to be kept under section 336 of the SFO are as follows:

Long positions in the shares of the Company

Name	Capacity	Number of ordinary shares	Percentage of the issued share capital
Lapta International Limited	Beneficial owner	112,500,000	56.25%
Jolly Win Management Limited	Beneficial owner	18,000,000	9%
Whales Capital Holdings Limited	Beneficial owner	19,500,000	9.75%
Taocent International Holding Limited	Interest in controlled corporation	19,500,000	9.75%
Ms. Chen Suzhen (陳素珍)	Spouse's interest	18,000,000(1)	9%
Ms. Yin Rong (殷蓉)	Spouse's interest	19,500,000(2)	9.75%

Notes:

1. Mr. Lin Kaiwen beneficially owns 100% interests in Jolly Win Management Limited which holds 18,000,000 shares in the Company. Ms. Chen Suzhen is the spouse of Mr. Lin Kaiwen. Accordingly, Ms. Chen Suzhen is deemed to be interested in all shares in the Company held by Mr. Lin Kaiwen.

2. Mr. Fan Youyuan beneficially owns 100% interests in Taocent International Holding Limited which wholly owns Whales Capital Holdings Limited which in turn holds 19,500,000 shares in the Company. Ms. Yin Rong is the spouse of Mr. Fan Youyuan. Accordingly, Ms. Yin Rong is deemed to be interested in all shares in the Company held by Mr. Fan Youyuan.

Save as disclosed above and as at the date of this announcement, the Directors are not aware of any interests or short positions owned by any persons (other than the directors or Chief Executive of the Company) in the shares or underlying shares of the Company which are required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which are required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a Share Option Scheme ("**Share Option Scheme**") on 10 April 2012. The major terms and conditions of the Share Option Scheme are set out in the section "Share Option Scheme" in Appendix V to the Prospectus. The Company did not grant, exercise or cancel any options during the Review Period, and there were no outstanding options under the Share Option Scheme as at 31 December 2012.

AUDIT COMMITTEE

The Audit Committee was established with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph C.3.3 of the Code on Corporate Governance on 10 April 2012. The primary duties of the Audit Committee are mainly to review the financial systems of the Group; to review the accounting policy, financial position and financial reporting procedures of the Group; to communicate with external auditors; to assess the performance of internal financial and audit personnel; and to assess the internal controls of the Group. The Audit Committee consists of three members, namely Ms. Hsu Wai Man, Helen (Chairlady), Mr. Zhou Ruijin and Mr. Lin Zhiming.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters in connection with the preparation of the audited consolidated financial statements of the Group for the year ended 31 December 2012.

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

PRC, 21 March 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 Directors are Mr. Lin Kaiwen and Mr. Fan Youyuan; and the independent non-executive Directors are Mr. Zhou Ruijin, Mr. Lin Zhiming and Ms. Hsu Wai Man, Helen.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its publication. This announcement will also be posted on the Company's website at www.brandingchinagroup.com.