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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: 863)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 16 November 2015 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreements with the Subscribers pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue, 49,362,038 Subscription Shares in the amount of approximately HK\$119.5 million at the Subscription Price of HK\$2.42 per Subscription Share.

The Subscription Price of HK\$2.42 per Subscription Share represents: (i) a discount of approximately 19.33% to the closing price of HK\$3.00 per Share as quoted on the Stock Exchange on 16 November 2015, being the closing price on the date of the Subscription Agreements; and (ii) a discount of approximately 19.87% to the average of the closing prices of HK\$3.02 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreements.

The Subscription Price was arrived at after arm's length negotiations between the Company and each of the Subscribers with reference to the liquidity and the recent trading performance of the Shares as well as future development prospect of the Company's business. The Directors consider that the Subscription Price and the terms of the Subscription Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Subscription Shares represent 20.00% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, assuming there is no change in the issued share capital of the Company before the completion of the Subscription. It is intended that the net proceeds arising from the Subscription of approximately HK\$119.5 million will be used by the Company as capital for the new business development of the Group and as general working capital of the Group.

The Subscription Shares will be allotted and issued pursuant to the General Mandate.

GENERAL

Completion of the Subscription is subject to the satisfaction of the conditions precedent to the Subscription Agreements. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE SUBSCRIPTION

On 16 November 2015 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreements with the Subscribers pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue, 49,362,038 Subscription Shares in the amount of HK\$119.5 million at the Subscription Price of HK\$2.42 per Subscription Share.

Subscription Agreement A

Date: 16 November 2015

Parties: (i) the Company as issuer; and

(ii) Subscriber A as subscriber

Subscriber A is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Shanghai Dafeng Investment Group Limited* (上海大豐投資集團有限公司) (“**Shanghai Dafeng**”), a company established in the PRC. Through financial instruments like equity funds and structured products, Shanghai Dafeng and its subsidiaries, including Subscriber A, are a comprehensive investment and asset management group with its main investment areas covering energy and resources, culture and media, aviation and real estate. As at the date of this announcement, Shanghai Dafeng owns 51% equity interest in Shanghai Dahan Investment Holdings Company Limited* (上海大涵投資控股有限公司), which owns 31% equity interest in Shanghai Lingang Cultural Industry Development Company Limited* (上海臨港文化產業發展有限公司) (“**Shanghai Lingang**”). The Company intended to acquire 34% equity interest in Shanghai Lingang and entered into a non-legally binding memorandum of understanding with another existing shareholder of Shanghai Lingang, an Independent Third Party, on 16 November 2015. For details, please refer to the announcement of the Company issued on 16 November 2015.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Subscriber A and its ultimate beneficial owners are Independent Third Parties and not connected with the other Subscribers and their respective associates.

Pursuant to Subscription Agreement A, the Company agreed to allot and issue and Subscriber A has conditionally agreed to subscribe in cash of approximately HK\$71.0 million for a total of 29,321,050 Subscription Shares at the Subscription Price. The 29,321,050 Subscription Shares represent (i) approximately 11.88% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.90% of the issued share capital of the Company as enlarged by the issue and allotment of all Subscription Shares, assuming there is no change in the issued share capital of the Company before the completion of the Subscription.

Subscription Agreement B

Date: 16 November 2015

Parties: (i) the Company as issuer; and

(ii) Subscriber B as subscriber

Subscriber B is a private investor. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Subscriber B is an Independent Third Party and not connected with the other Subscribers and their respective associates.

Pursuant to Subscription Agreement B, the Company agreed to allot and issue and Subscriber B has conditionally agreed to subscribe in cash of approximately HK\$12.0 million for a total of 4,960,885 Subscription Shares at the Subscription Price. The 4,960,885 Subscription Shares represent (i) approximately 2.01% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 1.68% of the issued share capital of the Company as enlarged by the issue and allotment of all Subscription Shares, assuming there is no change in the issued share capital of the Company before the completion of the Subscription.

Subscription Agreement C

Date: 16 November 2015

Parties: (i) the Company as issuer; and

(ii) Subscriber C as subscriber

Subscriber C is a private investor. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Subscriber C is an Independent Third Party and not connected with the other Subscribers and their respective associates.

Pursuant to Subscription Agreement C, the Company agreed to allot and issue and Subscriber C has conditionally agreed to subscribe in cash of approximately HK\$24.5 million for a total of 10,119,218 Subscription Shares at the Subscription Price. The 10,119,218 Subscription Shares represent (i) approximately 4.10% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.42% of the issued share capital of the Company as enlarged by the issue and allotment of all Subscription Shares, assuming there is no change in the issued share capital of the Company before the completion of the Subscription.

Subscription Agreement D

Date: 16 November 2015

Parties: (i) the Company as issuer; and

(ii) Subscriber D as subscriber

Subscriber D is a private investor. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Subscriber D is an Independent Third Party and not connected with the other Subscribers and their respective associates.

Pursuant to Subscription Agreement D, the Company agreed to allot and issue and Subscriber D has conditionally agreed to subscribe in cash of approximately HK\$12.0 million for a total of 4,960,885 Subscription Shares at the Subscription Price. The 4,960,885 Subscription Shares represent (i) approximately 2.01% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 1.68% of the issued share capital of the Company as enlarged by the issue and allotment of all Subscription Shares, assuming there is no change in the issued share capital of the Company before the completion of the Subscription.

Number of Subscription Shares

Pursuant to the Subscription Agreements, the Company has conditionally agreed to allot and issue and the Subscribers have conditionally agreed to subscribe in cash in the amount of approximately HK\$119.5 million for a total of 49,362,038 Subscription Shares at the Subscription Price of HK\$2.42 per Subscription Share. The 49,362,038 Subscription Shares represent 20.00% of the existing issued share capital of the Company as at the date of this announcement, assuming there is no change in the issued share capital of the Company before the completion of the Subscription and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

COMMON PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENTS

Apart from the identities of the Subscribers and the number of Subscription Shares to be subscribed by each of the Subscribers set out above, the terms of each of the Subscription Agreements are identical.

Set out below are the key terms of the Subscription Agreements:

Payment of subscription monies

The consideration for the Subscription Shares shall be a total of approximately HK\$119.5 million which is payable by the Subscribers to the Company in cash upon completion of the Subscription.

Subscription Price

The Subscription Price of HK\$2.42 per Subscription Share represents:

- (i) a discount of approximately 19.33% to the closing price of HK\$3.00 per Share as quoted on the Stock Exchange on 16 November 2015, being the closing price on the date of the Subscription Agreements; and
- (ii) a discount of approximately 19.87% to the average of the closing prices of HK\$3.02 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreements

The net Subscription Price, after deduction of relevant expenses, is estimated to be approximately HK\$2.42 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and each of the Subscribers with reference to the liquidity and the recent trading performance of the Shares as well as future development prospect of the Company's business. The Directors consider that the Subscription Price and the terms of the Subscription Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Subscription

The Subscription is conditional upon:

- (i) each of the Subscribers having obtained the necessary approvals and consents in relation to the Subscription (including but not limited to (1) the internal approvals and authorisations of the shareholders of the Subscribers (if required); and (2) the approval and consent of the competent governmental and regulatory authorities in the PRC (including but not limited to the Commission of Commerce and the State Administration of Foreign Exchange) (if required));
- (ii) a due diligence investigation on the Company having been completed to the reasonable satisfaction of the Subscribers;
- (iii) the number of Shares held by the public will not fall below 25% of the issued share capital of the Company after completion of the Subscription;
- (iv) the Company having obtained the necessary approval and consents in relation to the Subscription; and
- (v) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares.

In the event that the conditions of the Subscription are not fulfilled on or before 29 February 2016 or at such other date and time as may be agreed between the respective parties to each of the Subscription Agreements, the Subscription Agreements shall cease and determine and neither the Company nor the Subscribers shall have any obligations and liabilities under the Subscription Agreements.

Completion of the Subscription

Completion of the Subscription will take place before 4:00 p.m. on the fifth business day after the conditions of the Subscription are fulfilled (or such other date and time as may be agreed between the respective parties of the Subscription Agreements).

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

General Mandate to issue the Subscription Shares

The allotment and issue of the Subscription Shares are not subject to Shareholders' approval.

The Subscription Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 49,362,038 Shares. As at the date of this announcement, the General Mandate has not yet been utilised. The General Mandate is sufficient for the allotment and issue of the Subscription Shares. The 49,362,038 Subscription Shares constitute 100% of the unused General Mandate.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Non-disposal undertaking

Pursuant to the terms of the Subscription Agreements, each of the Subscribers undertakes to the Company that it will not, in respect of the Subscription Shares, for a period of 12 months from completion of the Subscription Agreements, transfer or otherwise dispose of any of the Subscription Shares or any interests in the Subscription Shares or create any encumbrances or other rights in respect of any of the Subscription Shares.

FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activity in the past twelve months immediately preceding the date of this announcement.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The net proceeds from the Subscription, after the deduction of the related expenses, are estimated to be approximately HK\$119.5 million, representing a net issue price of approximately HK\$2.42 per Subscription Share. It is intended that the net proceeds arising from the Subscription will be used by the Company as capital for the new business development of the Group and as general working capital of the Group. The Board considers that the Subscription Agreements were entered into upon normal commercial terms following arm's length negotiations between the Company and each of the Subscribers and that the terms of the Subscription Agreements are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

For reasons stated above, the Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital for the future business development of the Group by way of the Subscription. The Subscription will broaden the capital and shareholders base of the Company thereby increasing the liquidity of the Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this announcement and immediately after completion of the Subscription are as follows:

	As at the date of this announcement		Immediately after completion of the Subscription	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Lapta International Limited (Note 1)	112,500,000	45.58%	112,500,000	37.98%
Always Bright Enterprises Limited (Note 2)	46,810,194	18.97%	46,810,194	15.81%
Whales Capital Holdings Limited (Note 3)	14,700,000	5.96%	14,700,000	4.96%
<i>Public Shareholders:</i>				
Subscriber A (Note 4)	–	–	29,321,050	9.90%
Subscriber B (Note 4)	–	–	4,960,885	1.68%
Subscriber C (Note 4)	–	–	10,119,218	3.42%
Subscriber D (Note 4)	–	–	4,960,885	1.68%
Other public Shareholders	72,800,000	29.50%	72,800,000	24.58%
Total	246,810,194	100%	296,172,232	100%

Notes:

1. Lapta International Limited is wholly owned by Mr. Fang Bin, the chairman of the Board and an executive Director.
2. Always Bright Enterprises Limited is wholly owned by Mr. Huang Wei, an executive Director.
3. Whales Capital Holdings Limited is wholly owned by Taocent International Holding Limited, a company wholly owned by Mr. Fan Youyuan, an executive Director and the Chief Executive Officer of the Company.
4. Each of Subscriber A, Subscriber B, Subscriber C and Subscriber D will become a public Shareholder upon completion of the Subscription.

GENERAL

Completion of the Subscription is subject to the satisfaction of the conditions precedent to the Subscription Agreements. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board” the board of Directors;

“business day”	any day (not being a Saturday, a Sunday or a public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours;
“Company”	Branding China Group Limited (stock code: 863), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange;
“Director(s)”	director(s) of the Company;
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 12 June 2015, pursuant to which a maximum of 49,362,038 new Shares may fall to be allotted and issued as at the date of this announcement;
“Group”	the Company and its subsidiaries;
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) (as defined in the Listing Rules) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the issued Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber A”	Grandall Group Holdings Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party;
“Subscriber B”	Mr. Wang Zhi (王智), an Independent Third Party;
“Subscriber C”	Mr. Li Xiangchun (李向春), an Independent Third Party;
“Subscriber D”	Mr. Wang Mingdong (王明東), an Independent Third Party;
“Subscribers”	collectively, Subscriber A, Subscriber B, Subscriber C and Subscriber D;

“Subscription”	the subscription of the 49,362,038 Subscription Shares by the Subscribers pursuant to the Subscription Agreements;
“Subscription Agreement A”	the conditional subscription agreement dated 16 November 2015 and entered into between the Company and Subscriber A in respect of the Subscription of 29,321,050 Subscription Shares;
“Subscription Agreement B”	the conditional subscription agreement dated 16 November 2015 and entered into between the Company and Subscriber B in respect of the subscription of 4,960,885 Subscription Shares;
“Subscription Agreement C”	the conditional subscription agreement dated 16 November 2015 and entered into between the Company and Subscriber C in respect of the subscription of 10,119,218 Subscription Shares;
“Subscription Agreement D”	the conditional subscription agreement dated 16 November 2015 and entered into between the Company and Subscriber D in respect of the subscription of 4,960,885 Subscription Shares;
“Subscription Agreements”	collectively, Subscription Agreement A, Subscription Agreement B, Subscription Agreement C and Subscription Agreement D;
“Subscription Price”	HK\$2.42 per Subscription Share;
“Subscription Shares”	49,362,038 Shares to be subscribed by the Subscribers pursuant to the Subscription Agreements, of which 29,321,050 Shares will be subscribed by Subscriber A; 4,960,885 Shares will be subscribed by Subscriber B; 10,119,218 Shares will be subscribed by Subscriber C; and 4,960,885 Shares will be subscribed by Subscriber D;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

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

Shanghai, the PRC, 16 November 2015

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.

* *For identification purposes only*