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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 27 May 2019 (after trading hours), the Company has entered into 8 Subscription Agreements with 8 Subscribers, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for 22,876,360 Subscription Shares at the Subscription Price of HK\$5 per Subscription Share.

The 22,876,360 Subscription Shares, represent (i) approximately 8.74% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 8.04% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there will be no other change in the issued share capital of the Company from the date of this announcement up to completion of the Subscriptions).

The Group is indebted to one of the Subscribers a loan of principal amount of HK\$100,000,000 which is due on 11 July 2019. Such Subscriber will set-off the outstanding loan of an amount of HK\$100,000,000 due to it to satisfy the consideration payable under its Subscription Agreement for the 20,000,000 Subscription Shares.

Apart from the set-off the loan mentioned above, the gross proceeds and the estimated net proceeds from the Subscriptions will be approximately HK\$14.38 million and HK\$14.3 million respectively.

Completion of the Subscriptions are subject to fulfilment of the conditions under the Subscription Agreements. The Subscriptions may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

SUBSCRIPTION AGREEMENTS

Date: 27 May 2019 (after trading hours)

Parties: (i) the Company; and
(ii) the 8 Subscribers

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries,

- (a) each of the Subscribers (and their ultimate beneficial owners) is not a connected person of the Company and is independent of and not connected with the Company, the directors, chief executives or substantial shareholders of the Company or its subsidiaries, or any of their respective associates;
- (b) none of the Subscribers (and their ultimate beneficial owners) will become substantial shareholders of the Company immediately following the Subscriptions;
- (c) each of the Subscribers (and their ultimate beneficial owners) is not a party acting in concert with (i) one another; (ii) the Company, the directors, chief executives or substantial shareholders of the Company or its subsidiaries; (iii) the controlling shareholder of the Company or any party acting or presumed to be acting in concert with it; or any of their respective associates; and
- (d) each of the Subscribers (and their ultimate beneficial owners) is not an associate of the controlling shareholder of the Company.

The Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, 22,876,360 Subscription Shares at the Subscription Price.

Subscription Shares

The 22,876,360 Subscription Shares represent (i) approximately 8.74% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 8.04% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there will be no other change in the issued share capital of the Company from the date of this announcement up to completion of the Subscriptions).

The aggregate nominal value of the 22,876,360 Subscription Shares is HK\$228,764.

The Subscription Shares, when fully paid and allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue as at the date of the allotment and issue of the Subscription Shares.

Subscription Price

The Subscription Price represents: (a) a discount of approximately 14.24% to the closing price of HK\$5.83 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements; and (b) a discount of approximately 14.53% to the average closing price of approximately HK\$5.85 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Subscription Agreements.

The Subscription Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Subscribers. The Directors consider that the Subscription Price is fair and reasonable based on the current market conditions.

The Group is indebted to one of the Subscribers a loan of principal amount of HK\$100,000,000 which is due on 11 July 2019. Such Subscriber will set-off the outstanding loan of an amount of HK\$100,000,000 due to it to satisfy the consideration payable under its Subscription Agreement for the subscription of 20,000,000 Subscription Shares.

Apart from the set-off the loan amount of HK\$100,000,000 mentioned above, the aggregate Subscription Price will be payable by the Subscribers in cash at completion of the Subscriptions.

Conditions of the Subscription

Completion of the Subscription is conditional upon the fulfilment of the following conditions:

- (a) the listing status of the Company on the Stock Exchange not having been revoked or withdrawn at any time prior to Completion, the Shares continuing to be traded on the Stock Exchange at any time prior to Completion (save and except for any temporary suspension in connection with transactions contemplated under the Subscription Agreement or such other period as the Subscriber may agree in writing) and there being no indication from the Stock Exchange that the listing status of the Company will be suspended, cancelled, revoked or withdrawn at any time after Completion as a result of the transactions contemplated under the Subscription Agreement;
- (b) the Listing Committee of the Hong Kong Stock Exchange having granted the listing of and permission to deal in the Subscription Shares;
- (c) the necessary approvals including, but not limited to the board and/or shareholder approvals in relation to the underlying transactions contemplated under the Subscription Agreement are granted and approved; and
- (d) the warranties and representations stated in the Subscription Agreements remaining true and accurate in all material respects and not misleading as given as at the date of the Subscription Agreement and as at Completion, and as if given at all times between the date of the Subscription Agreement and Completion.

If the conditions of the Subscription Agreements are not fulfilled on or before 28 June 2019 or such later date as the Subscribers and the Company may agree in writing), the obligations and liabilities of the Subscribers and the Company under the Subscriptions will become null and void.

Completion of the Subscriptions

Completion of the Subscription will take place on the third Business Day next following the fulfillment of all the conditions of the Subscription have been satisfied or such other data as may be agreed in writing by the Company and the Subscribers.

General mandate to issue the Subscription Shares

The Board has been authorised to issue and allot up to a total of 50,354,215 Shares under the General Mandate granted by the Shareholders at the annual general meeting of the Company held on 20 June 2018. A total of 9,836,474 Shares were issued as awarded shares for the employees of the Group (refer to the announcement of the Company dated 7 September 2018) and therefore a total of 40,517,741 Shares can be issued and allotted under the General Mandate.

The Subscription Shares will be issued and allotted under the General Mandate. No Shareholders' approval is required for the issue of the Subscription Shares.

Listing application

An 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.

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

The Group is principally engaged in the provision of traditional advertising services and business park area management in the PRC, and the digital assets business in Hong Kong.

The Board considers that the Subscriptions represent an opportunity to raise capital for the Group while broadening its shareholder base and will also strengthen the financial position of the Group by reducing the debt outstanding by the Group.

Apart from the set-off the loan amount of HK\$100,000,000 mentioned above, the gross proceeds and the estimated net proceeds from the Subscription are approximately HK\$14.38 million and approximately HK\$14.3 million, respectively. The Company intends to use the net proceeds for the payment of regular and recurring monthly expenditure of the Group. The net price per Subscription Share is approximately HK\$5. Currently, the regular and recurring monthly expenditure of the Group amounted to approximately HK\$20 million.

The Board considers that the terms of the Subscription are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after completion of the Subscriptions, assuming there will be no other change in the issued share capital of the Company from the date of this announcement up to completion of the Subscriptions:

Shareholder	As at the date of this announcement		Immediately upon completion of the Subscription	
	Number of Shares	%	Number of Shares	%
East Harvest Global Limited (<i>Note 1</i>)	187,536,194	71.69%	187,536,194	65.92%
Subscribers			22,876,360	8.04%
Other public Shareholders	<u>74,071,359</u>	<u>28.31%</u>	<u>74,071,359</u>	<u>26.04%</u>
Total	<u>261,607,553</u>	<u>100.00%</u>	<u>284,483,913</u>	<u>100.00%</u>

Note 1: East Harvest Global Limited, the controlling shareholder of the Company, is owned as to approximately 60.42% and approximately 32.87% by Wise Aloe Limited and Colour Day Limited respectively. Wise Aloe Limited is owned as to approximately 89% by Bell Haven Limited which is in turn owned as to approximately 30.82%, approximately 22.09% and approximately 22.09% by Mr. Lo Ken Bon, Mr. Madden Hugh Douglas and Mr. Chapman David James, respectively. Colour Day Limited is wholly beneficially owned by Mr. Ko Chun Shun, Johnson. Mr. Lo Ken Bon, Mr. Ko Chun Shun, Johnson, Mr. Madden Hugh Douglas and Mr. Chapman David James are executive Directors.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

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

Completion of the Subscriptions are subject to fulfilment of the conditions under the Subscription Agreements. The Subscriptions may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours

“Company”	Branding China Group Limited (stock code: 863), the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	Completion of the subscriptions pursuant to the Subscription Agreements
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 20 June 2018 to issue and allot up to 50,354,215 new Shares, representing 20% of the aggregate number of the issued share capital of the Company on the date of the meeting
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	the 8 subscribers who enter into the Subscription Agreement with the Company
“Subscriptions”	the subscription by the Subscribers for the Subscription Shares on the terms and subject to the conditions under the Subscription Agreements

“Subscription Agreements”	the subscription agreements, dated 27 May 2019 entered into between the Company and the Subscribers in respect of the Subscriptions
“Subscription Share(s)”	a total of 22,876,360 new Shares to be allotted and issued by the Company to the Subscribers under the Subscription Agreements
“Subscription Price”	HK\$5 per Subscription Share
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By order of the Board
Branding China Group Limited
Lo Ken Bon
Executive Director

Hong Kong, 27 May 2019

As at the date of this announcement, the executive Directors are Mr. Lo Ken Bon, Mr. Ko Chun Shun, Johnson, Mr. Fang Bin, Mr. Madden Hugh Douglas and Mr. Chapman David James, and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. Chia Kee Loong, Lawrence and Mr. Tai Benedict.