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CHINA BEST
國華集團

CHINA BEST GROUP HOLDING LIMITED
國華集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 370)

DISCLOSEABLE TRANSACTION (INVOLVING THE ISSUE OF CONSIDERATION SHARES) ACQUISITION OF 55% EQUITY INTERESTS IN SUNTECH WORLDWIDE LIMITED

THE AGREEMENT

The Board is pleased to announce that on 28 March 2011 (after trading hours), the Company entered into the Agreement with the Vendor for the Acquisition. Pursuant to the Agreement, the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares. The Sale Shares represent 55% of the total issued share capital of the Target Company.

The Consideration is HK$71,500,000, which shall be payable/satisfied, (i) as to HK$2,000,000, being the deposit, by cheque or through bank transfer to the Vendor at the time of signing the Agreement; (ii) as to HK$51,500,000 by allotting and issuing the Consideration Shares by the Company at the Issue Price and credited as fully paid to the Vendor on the Completion Date; and (iii) as to HK$18,000,000 by cheque or through bank transfer to the Vendor on the Completion Date.

* *For identification purpose only*

The Acquisition is subject to fulfillment of the conditions precedents as detailed in the paragraph headed "Conditions precedent" in this announcement. Upon Completion, the Company will be interested in 55% equity interests in the Target Company and the Target Company will be accounted for as a non wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 28 March 2011 (after trading hours), the Company entered into the Agreement with the Vendor for the Acquisition.

THE AGREEMENT

Date: 28 March 2011 (after trading hours)

Parties:

Purchaser: China Best Group Holding Limited

Vendor: Great Soar Holdings Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

Assets to be acquired

Pursuant to the Agreement, the Company has conditionally agreed to acquire or procure its wholly-owned subsidiary to acquire and the Vendor has conditionally agreed to sell the Sale Shares.

The Sale Shares represent 55% of the total issued share capital of the Target Company. As at the date of this announcement, the Target Company is wholly-owned by the Vendor. Upon Completion, the Target Company will be owned as to 55% by the Company and 45% by the Vendor.

Consideration

The Consideration is HK$71,500,000, which shall be payable to the Vendor or its designated subsidiary in the following manner:

(i) as to HK$2,000,000, being the deposit (the "**Deposit**"), by cheque or through bank transfer at the time of signing the Agreement;

(ii) as to HK$51,500,000 by allotting and issuing the Consideration Shares by the Company at the Issue Price and credited as fully paid on the Completion Date;

(iii) as to HK$18,000,000 by cheque or through bank transfer on the Completion Date.

The Consideration was agreed between the Company and the Vendor after arm's length negotiations.

In addition, having considered that (i) the business development and prospects of the Target Group in the medium to long term; and (ii) the Profit Guarantee, the Directors consider that the Consideration is fair and reasonable and the terms and conditions of the Acquisition are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

The cash portion of the Consideration is intended to be funded by the internal resources of the Group.

Conditions precedent

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

(i) the Company, its agents and its professional advisers having satisfied in its absolute discretion with the results of the due diligence review (including, without limitations, the legal, financial, business operations or other aspects that the Company considered to be important) to be conducted by it, its agents and its professional advisers;

(ii) the Company having obtained a PRC legal opinion from the legal adviser as to PRC laws nominated by the Company in form and substance, in the Company's absolute discretion, satisfactory to the Company in relation to, inter alia, the legality and valid subsistence of the WOFE and its business operations, the structure of the Target Group and other matters regarding the WOFE reasonably requested by the Company;

(iii) all necessary requirements under the relevant laws, regulations and the Listing Rules, and all necessary consents, approvals and authorisations having been obtained in connection with the transfer of the Sale Shares and all transactions contemplated under the Agreement;

(iv) the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares;

(v) the warranties under the Agreement remaining true and accurate and not misleading, not having been breached, and there being no any matters or conditions occurred resulting in any material adverse change as if repeated at Completion and at all times between the date of the Agreement and Completion;

(vi) the Target Group having no unusual operations, or no material adverse change in its business scope, conditions (including assets, financial and legal conditions), operations, performance or finance, or no undisclosed material potential risks;

(vii) all necessary approvals, permits, consents, license registrations and filing to be obtained and processed as set out in the PRC legal opinion having been obtained and processed;

(viii) all deposits, tax, capital investment and any other expenses that remains payable as set out in the PRC legal opinion having been fully paid; and

(ix) in the event the Company is required to subscribe for additional shares in the Target Company to become a shareholder holding 55% interests in the issued share capital of the Target Company, the Target Company having sufficient authorised share capital for the allotment of such additional shares.

The Company shall be entitled at its absolute discretion at any time by a notice in writing to the Vendor to waive any of the above-mentioned conditions precedent (save and except (iii), (iv) and (ix) above, which cannot be waived).

Completion

Completion shall take place within five (5) Business Days (or such later date as may be agreed between the Vendor and the Company in writing) after all the conditions of the Agreement have been fulfilled or waived.

Upon Completion, the Company will be interested in 55% equity interests in the Target Company and the Target Company will be accounted for as a non wholly-owned subsidiary of the Company. Three directors out of five in the board of directors of each member of the Target Group will be nominated by the Company. The legal representative of the WOFE will also be nominated by the Company. The Group will exercise majority control of the board of directors of each member of the Target Group upon Completion.

Long stop date

If all of the conditions are not fulfilled (or as the case may be, waived by the Company) on or before the Long Stop Date, the Agreement shall cease and terminate and the Vendor shall forthwith return the Deposit (without interest) to the Company. The Company is not required to proceed with the Acquisition and neither party shall have any obligations towards each other save and except for any antecedent breach of the Agreement.

PROFIT GUARANTEE

Pursuant to the Agreement, the Vendor has warranted to the Company that, the Audited Net Profit of the Target Group for the one year period after the Completion Date shall not be less than the amount of HK$18,000,000.

In the event the Audited Net Profit is less than the Profit Guarantee, the Vendor shall compensate the Company an amount equivalent to 55% of the shortfall multiplied by 7 within 30 calendar days (the "**Compensation Payment Date**") after issue of the audited consolidated financial statements for the one year period after the Completion Date. For the avoidance of doubt, in the event that the Audited Net Profit shall be negative, the amount of the Audited Net Profit shall be deemed to be zero. In any event, the Compensation will not be more than the aggregate market value of the Consideration Shares as at the date of the issue of the audited consolidated financial statements for the one year period after the Completion Date.

The Vendor will deliver the share certificates of the Consideration Shares and other documents in respect of the valid transfer of the Consideration Shares to the Company as pledges in favour of the Company at Completion. The pledge will be released in the event that the Audited Net Profit shall be HK$18,000,000 or more.

In the event that the Profit Guarantee is not fulfilled and the Compensation has not been fully settled after Compensation Payment Date, a daily interest of 5% per annum will be charged on the outstanding amount of the Compensation from the Compensation Payment Date until the date of receipt of the full amount of Compensation by the Company. The Company will also be entitled to sell the Consideration Shares pledged to the Company for setting off the Compensation in whole or in part.

The Profit Guarantee was arrived at after arm's length negotiation between the Company and the Vendor with reference to the business prospects and business development of the Target Group.

CONSIDERATION SHARES

The Consideration Shares will be allotted and issued at the Issue Price, credited as fully paid. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue.

The Issue Price represents:

(i) a discount of approximately 12.57% to the closing price of HK$0.1830 per Share as quoted on the Stock Exchange on 28 March 2011, being the date of the Agreement;

(ii) a discount of approximately 14.26% to the average of the closing prices of HK$0.1866 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 25 March 2011, being the last trading day immediately prior to the date of this announcement;

(iii) a discount of approximately 9.40% to the average of the closing prices of HK$0.1766 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 25 March 2011, being the last trading day immediately prior to the date of this announcement; and

(iv) a premium of approximately 1.52% to the net asset value per Share of HK$0.1576 based on the unaudited consolidated interim financial statements of the Group as at 30 June 2010 divided by 2,109,795,845 Shares, being the total number of issued Shares as at the date of the Agreement.

The Issue Price was determined by the Board after taking into consideration of the prevailing trading volume and prices of the Shares and the Directors consider that the Issue Price is fair and reasonable.

The Consideration Shares represent approximately 15.2562% of the existing issued share capital of the Company and approximately 13.2368% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. The Consideration Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 7 June 2010 and will be allotted and issued on the Completion Date.

APPLICATION FOR LISTING

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

CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion and the allotment and issue of the Consideration Shares.

Name of Shareholders		**As at the date of this announcement**		**Immediately after Completion and the allotment and issue of the Consideration Shares**	
	Notes	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Mr. Wang Jian Hua	*(i)*	26,396,400	1.25%	26,396,400	1.09%
Best Chance Holdings Limited	*(i)*	634,161,600	30.06%	634,161,600	26.07%
Mr. Ren Zheng	*(ii)*	400,000	0.02%	400,000	0.02%
Power Win Group Limited	*(iii)*	9,259,200	0.44%	9,259,200	0.38%
The Vendor		–	–	321,875,000	13.24%
Public		1,439,578,645	68.23%	1,439,578,645	59.20%
Total		2,109,795,845	100.00%	2,431,670,845	100.00%

Notes:

(i) 634,161,600 Shares was held by Best Chance Holdings Limited. By virtue of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), Mr. Wang Jian Hua holding 100% of voting rights of Best Chance Holdings Limited was deemed to be interested in the same 634,161,600 Shares. Ms. Ma Jun Li, a Director, was also deemed to be interested in the same 634,161,600 Shares by virtue of being the spouse of Mr. Wan Jian Hua.

(ii) Mr. Ren Zheng is a Director.

(iii) 9,259,200 Shares were held by Power Win Group Limited. By virtue of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), Mr. Ng Tang, a Director, holding more than one third of voting rights of Power Win Group Limited, was deemed to be interested in the same 9,259,200 Shares held by Power Win Group Limited.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in Hong Kong with limited liability and is an investment holding company. The Target Group is principally engaged in coal processing and marketing, and sales of coal and peat in the PRC through the WOFE.

Set out below is an extract of certain financial information of the Target Group for the two years ended 31 December 2010 provided by the Vendor, accuracy of which is subject to the due diligence review to be performed by the Company, its agents and its professional advisers:

	For the year ended 31 December 2009 (unaudited) *RMB'000*	**For the year ended 31 December 2010 (unaudited) *RMB'000***
Revenue	24,543	**–**
Gross loss	5,966	**–**
Net loss before taxation	7,034	**648**
Net loss after taxation	7,648	**648**

	As at 31 December 2009 (unaudited) *RMB'000*	**As at 31 December 2010 (unaudited) *RMB'000***
Net asset value	19,687	**19,040**

REASON FOR THE ACQUISITION

The Group is principally engaged in coke processing, international air and sea freight forwarding and the provision of logistics services as well as trading of securities.

Coke processing is one of the business segments of the Group. The Directors considered that the Acquisition will strengthen the Group's status in the coke processing business. Since the Vendor is also willing to provide the Profit Guarantee pursuant to the Agreement, the Directors considered that the Acquisition could contribute stable revenue income to the Group in the coming year and strengthen the financial position of the Group.

The Directors view that the Acquisition is in the interest of the Group and the Shareholders as a whole in view of the Target Group's profitability potential in the future.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

"Acquisition"	the proposed acquisition of the Sale Shares on the terms contained in the Agreement
"Audited Net Profit"	the audited consolidated net profit after taxation of the Target Group, based on the financial statements of the Target Group for the one year period after the Completion Date
"Agreement"	the conditional agreement dated 28 March 2011 entered into between the Company and the Vendor in relation to the Acquisition

"Board"	the board of Directors
"Business Day(s)"	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"Company"	China Best Group Holding Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
"Compensation"	the compensation to be paid by the Vendor to the Company for an amount equivalent to 55% of the shortfall between the Audited Net Profit and the Profit Guarantee multiplied by 7 in the event that the Audited Net Profit is less than the Profit Guarantee
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Agreement
"Completion Date"	being a date within five (5) Business Days after all the conditions of the Agreement have been fulfilled or waived or such later date as may be agreed between the Vendor and the Company in writing
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration for the Acquisition, being HK$71,500,000
"Consideration Shares"	the 321,875,000 Shares to be allotted and issued by the Company to the Vendor as part of the Consideration
"Director(s)"	the director(s) of the Company from time to time
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Issue Price"	HK$0.16 per Consideration Share
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	30 September 2011, being the last day for the fulfillment or waiver of the conditions precedent of the Agreement
"PRC"	the People's Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Profit Guarantee"	the profit guarantee that the audited consolidated net profit after taxation of the Target Group for the one year period after the Completion Date will not be less than HK$18,000,000
"Sale Shares"	55% of the total issued ordinary shares of the Target Company
"Share(s)"	ordinary share(s) of HK$0.05 each in the capital of the Company (or such other nominal value as shall result from a subdivision, consolidation, reclassification or restructuring of such shares from time to time)
"Shareholders"	holders of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Suntech Worldwide Limited, a company incorporated in Hong Kong with limited liability, which is wholly-owned by the Vendor as at the date of the Agreement
"Target Group"	the Target Company and the WOFE
"Vendor"	Great Soar Holdings Limited, a company incorporated in the British Virgin Islands with limited liability

"WOFE"	古交市宏祥煤業有限公司 (unofficial English name as Gujiao City Hongxiang Coal Industry Co., Ltd.*), a limited company established in the PRC, which is wholly-owned by the Target Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

By Order of the Board
China Best Group Holding Limited
Ma Jun Li
Chairman

Hong Kong, 28 March 2011

As at the date of this announcement, the Board comprises four executive Directors, namely Ms. Ma Jun Li, Mr. Ng Tang, Mr. Zhang Da Qing and Mr. Ren Zheng; one non-executive Director, namely Ms. Yao Haixing; and three independent non-executive Directors, namely Ms. Chung Kwo Ling, Mr. Chan Ngai Sang, Kenny and Ms. Xing Hua.

* *For identification purpose only*