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**CHINA BEST GROUP HOLDING LIMITED**

**國華集團控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 370)**

**(1) TERMINATION OF THE PLACING LETTER;  
(2) MEMORANDUM OF UNDERSTANDING  
RELATING TO POSSIBLE ACQUISITION;  
AND  
(3) RESUMPTION OF TRADING**

This announcement is made pursuant to the disclosure obligation of the Company under Rule 14.36, Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

**TERMINATION OF THE PLACING LETTER**

On 11 June 2013, Jet-Air and the Placing Agent entered into the Termination Agreement and mutually agreed to terminate the Placing Letter. Upon signing of the Termination Agreement, both parties shall be relieved from all liabilities and obligations under the Placing Letter and the Deposit, being 10% of the Consideration (together with (if any) Stock Exchange trading fee, SFC transaction levy, investor compensation levy and CCASS transaction fee) shall be returned to Jet-Air within 10 business days from the date of the Termination Agreement.

\* For identification purpose only

## **POSSIBLE ACQUISITION**

The Board is pleased to announce that, on 11 June 2013, the Company entered into a non-legally binding MOU with the Vendors in relation to the Possible Acquisition. The Target Company is indirectly holding 54% equity interest in the PRC Company, which is principally engaged in mining and processing of gold and is currently holding the Target Mines in Shandong Province in the PRC.

The Possible Acquisition, if materialized, may constitute a notifiable transaction for Company under Chapter 14 of the Listing Rules and, if so, will be subject to the relevant disclosure and/or Shareholders' approval requirements under the Listing Rules where appropriate.

**The Board would like to emphasize that no legally binding agreement in relation to the Possible Acquisition has been entered into by the Company with any party as at the date of this announcement. As the Possible Acquisition may or may not materialize, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING**

Trading in the Shares was halted at the request of the Company with effect from 9:00 a.m. on 11 June 2013 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the trading in the Shares to resume from 9:00 a.m. on 14 June 2013 following the publication of this announcement.

This announcement is made pursuant to the disclosure obligation of China Best Group Holding Limited (the "**Company**") under Rule 14.36, Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Future Ordinance (Cap 571, Laws of Hong Kong) ("**SFO**").

## **TERMINATION OF THE PLACING LETTER**

Reference is made to the announcements (the "**Announcements**") and circular (the "**Circular**") of the Company dated 5 February 2013, 22 March 2013 and 28 March 2013, in relation to, among others, the Subscription of CB and PN by Jet-Air (H.K.) Limited ("**Jet-Air**"), the Company's wholly-owned subsidiary. Capitalized terms used herein shall have the same meanings as those defined in the Circular unless otherwise stated.

On 31 January 2013, Jet-Air and the Placing Agent entered into the Placing Letter, pursuant to which Jet-Air has conditionally agreed to subscribe for the Convertible Bonds and the Promissory Notes each in an aggregate principal amount of US\$7 million (equivalent to approximately HK\$54.6 million) respectively at their face values.

Since the signing of the Placing Letter, the parties have taken necessary actions to fulfil the conditions precedent for the completion of the Placing Agreement and the Placing Letter. However, due to unexpected circumstances, the Issuer has taken a much longer time than expected to fulfil the conditions precedent set out in the Placing Agreement, being the remaining conditions precedent for the completion of the Placing Letter. The Company has reviewed the matter and for the reasons set out in the paragraph headed “Reasons for the Termination” below, the Company has decided that Jet-Air shall withdraw from the Subscription of CB and PN. Jet-Air and the Placing Agent have therefore discussed and agreed to enter into a termination agreement to terminate the Placing Letter (the “**Termination**”).

### **Termination Agreement**

- Date : 11 June 2013
- Parties : (1) KCG Securities Asia Limited; and  
(2) Jet-Air.
- Main terms : (1) The Placing Letter is terminated with effective from the date of the Termination Agreement;
- (2) The Deposit, being 10% of the Consideration (together with (if any) Stock Exchange trading fee, SFC transaction levy, investor compensation levy and CCASS transaction fee) shall be returned to Jet-Air within 10 business days from the date of the Termination Agreement; and
- (3) Upon the signing of the Termination Agreement, both parties shall be relieved from all liabilities and obligations under the Placing Letter.

## Reasons for Termination

Although the Company has sufficient financial resources to perform its obligations under the Placing Letter, in light of a much longer time than expected to complete the Placing and that the Company has identified another investment opportunity which is considered in better interests of the Company, namely the Possible Acquisition, details of which are set out below. The Board considered it more appropriate to retain more current funds instead of completing the Subscription of CB and PN so that the Company may use its financial resources for the Possible Acquisition.

Having considered the above, the Directors are of the view that the Termination does not have any material impact on the operation and business of the Group and that the entering into of the Termination Agreement is in the best interests of the Company and the Shareholders as a whole.

## General

The entering into of the Termination Agreement constitutes a termination of a transaction of the Company previously announced pursuant to Chapter 14 of the Listing Rules and is disclosable under Rule 14.36 of the Listing Rules.

## POSSIBLE ACQUISITION

The Board is pleased to announce that, on 11 June 2013, the Company entered into a memorandum of understanding (“**MOU**”) with the Vendors in relation to a possible acquisition of the entire issued share capital of Lead Best Asia Company Limited (the “**Target Company**”, together with its subsidiaries, the “**Target Group**”) (the “**Possible Acquisition**”), details of which are set out below :

Date : 11 June 2013

Parties : the Company as the Purchaser; and

(1) Rich Planet Investments Limited; (2) Noble Justice Holdings Limited; and (3) Evergreen Lake International Limited as the vendors (the “**Vendors**”).

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Vendors and their ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected person (as defined in the Listing Rules).

As advised by the Vendors, the Target Company is indirectly holding 54% equity interest in a PRC company (the “**PRC Company**”), which is principally engaged in mining and processing of gold and is currently holding two gold mines (the “**Target Mines**”) in Shangdong Province in the PRC.

## **Major Terms of the MOU**

### *Consideration*

Pursuant to the MOU, the consideration of the Possible Acquisition will be determined based on the due diligence result and/or with reference to the valuation of the Target Group to be stated in the valuation report.

The consideration for the Possible Acquisition shall not be more than HK\$1.2 billion and shall be settled by either one of the following manners:

- (i) by cash; or
- (ii) by way of issue of promissory note; or
- (iii) by way of allotment and issue of the Shares and/or convertible bonds of the Company at the conversion price of HK\$0.11 per conversion share; or
- (iv) any other way the parties may agree; or
- (v) the combination of the above payment methods.

The consideration for the Possible Acquisition (including the actual payment method, time, amount and conversion price) shall be subject to further negotiation between the parties to the MOU.

### *Formal Agreement*

The parties to the MOU will negotiate in good faith towards the other party in ensuring that a formal sale and purchase agreement in relation to the Possible Acquisition (the “**Formal Agreement**”) will be entered into as soon as possible and in any event, within sixty days from the date of the MOU or on such later date as the parties to the MOU may agree.

## ***Due Diligence***

The Company will be entitled to perform due diligence review (the “**Due Diligence Review**”) in relation to the Target Group, including but not limited to the group structure, the assets, liabilities, contracts, commitments, employments, undertaking, prospects and business and financial and legal and taxation aspects of the Target Company and its subsidiaries and affiliates. The Vendors undertake to furnish the Company with all necessary information concerning the Due Diligence Review as the Company may reasonably require and provide all assistance and access as the Company’s professional consultants may require.

## ***Conditions Precedent***

If the Possible Acquisition materialises, completion of the Possible Acquisition is subject to the following conditions being fulfilled:

- (i) the results of the Due Diligence Review being to the reasonable satisfaction of the Company;
- (ii) if applicable, the publication of the circular of the Company relating to the transactions contemplated under the Formal Agreement in accordance with the Listing Rules;
- (iii) if applicable, the passing by the Shareholders at the special general meeting of the resolution(s) to approve the Formal Agreement and the transactions contemplated thereunder;
- (iv) a legal opinion having been issued by the PRC legal adviser appointed by the Company in the form and substance to the reasonable satisfaction of the Company on each PRC company within the Target Group including but not limited to its due incorporation and subsistence;
- (v) a legal opinion having been issued by the BVI legal adviser appointed by the Company in the form and substance to the reasonable satisfaction of the Company on each BVI company within the Target Group including but not limited to its due incorporation, subsistence, license and approval for its operation;
- (vi) a legal opinion having been issued by the Hong Kong legal adviser appointed by the Company in the form and substance to the reasonable satisfaction of the Company on each Hong Kong company within the Target Group including but not limited to its due incorporation and subsistence;

- (vii) the Company having obtained the competent person's report of the Target Mines issued by a competent person appointed by the Company in form and substance to the reasonable satisfaction of the Company indicating that the measured and indicated gold ore resources of the Target Mines are not less than the amount to be agreed by the Company and the Vendors upon the execution of the Formal Agreement;
- (viii) the Company having obtained the valuation report (prepared by a valuer appointed by the Company) in form and substance to the reasonable satisfaction of the Company showing the value of the Target Mines is not less than the estimated value of the Target Mines to be agreed by the Company and the Vendors upon the execution of the Formal Agreement;
- (ix) the Company and the Vendors having obtained all necessary consents, approvals and authorisations relating to the Formal Agreement and the Possible Acquisition (including the Stock Exchange granting the listing of, and permission to deal in, the consideration shares and the conversion shares for the convertible bonds (if applicable));
- (x) the Company being satisfied that from the date of the Formal Agreement and up to the date of the completion of the Possible Acquisition, the Vendors' representations and warranties contained in the Formal Agreement remaining true and accurate in all respects, with no material misleading nor material breach and not having identified any events which has any material adverse changes; and
- (xi) the Company not having identified or been aware of from the date of the Formal Agreement and up to the date of the completion of the Possible Acquisition any abnormal operations of the Target Group or its business, conditions (including assets, financials, legal status, operation, performance and property) which has any material adverse changes or any non-disclosed material potential risks.

The above-mentioned conditions precedent is for reference only. The Company and the Vendors may agree to amend any of the above conditions precedent and/or add any additional conditions precedent upon the execution of the Formal Agreement.

### ***Term & Exclusivity Period***

The MOU shall remain in effect for a term of 60 days from the date of the MOU (the “**Term**”) or such longer period as may be agreed. The Vendors also agreed that, inter alia, they or their respective affiliates shall not, for the 60-day period (the “**Exclusivity Period**”) commencing on the date upon signing of the MOU, enter into any negotiation, arrangement or agreement (whether subject to conditions or otherwise) similar or relating to the Possible Acquisition with any other party (the “**Exclusivity**”).

### ***Assignment***

The Company can assign all its rights and obligation under the MOU to its wholly-owned subsidiaries.

Save for the provisions regarding the right of the Company to obtain the records, accounts and other documents of the Target Group, the Exclusivity, the Term, the Assignment and the provisions of confidentiality, notice, fees, counterparts and joint and several liability of the Vendors and governing law and jurisdiction, the MOU is not legally binding or enforceable.

### **Reasons for the Possible Acquisition**

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

The Group has been identifying and exploring suitable projects and/or investments with good profit potential and sustaining development for acquisition so as to maximize return to the Company and its Shareholders. The Board considers that the Possible Acquisition is a good potential investment for the Group.

### **General**

The Possible Acquisition, if materialized, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and, if so, will be subject to the relevant disclosure and/or Shareholders’ approval requirements under the Listing Rules where appropriate. Further announcement(s) will be made regarding the Possible Acquisition as and when necessary in accordance with the Listing Rules.

**The Board would like to emphasize that no legally binding agreement in relation to the Possible Acquisition has been entered into by the Company with any party as at the date of this announcement. As the Possible Acquisition may or may not materialize, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**



## **RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 11 June 2013 at the request of the Company pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 14 June 2013.

By Order of the Board  
**China Best Group Holding Limited**  
**Huang Boqi**  
*Chairman*

Hong Kong, 13 June 2013

*As at the date of this announcement, the Board comprises two executive directors, namely Mr. Huang Boqi and Mr. Du Chunyu and three independent non-executive directors, namely Mr. Zhou Mingchi, Ms. Wong Yan Ki, Angel and Mr. Zhang Liang.*