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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)**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Placing Agent to the Placing**



**金利豐證券**

**KINGSTON SECURITIES**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

On 29 September 2014 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, whereby the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, of up to 486,320,000 Placing Shares to currently expected not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties at the Placing Price of HK\$0.18 per Placing Share.

\* for identification purpose only

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the number of Placing Shares shall be up to 486,320,000 new Shares, representing (i) approximately 20.00% of the existing issued share capital of the Company of 2,431,670,845 Shares as at the date of this announcement and; (ii) approximately 16.67% of the Company's issued share capital of 2,917,990,845 Shares as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.18 represents (i) a discount of approximately 11.33% to the closing price of HK\$0.203 per Share as quoted on the Stock Exchange as at the date of this announcement; and (ii) a discount of approximately 14.29% to the average closing price of HK\$0.210 per Share as quoted on the Stock Exchange for last five consecutive trading days immediately prior to the date of the Placing Agreement.

The maximum gross proceeds and the maximum net proceeds from the Placing will be approximately HK\$87.54 million and HK\$85.24 million, respectively.

Completion of the Placing is subject to the conditions as set out in the paragraph headed "Conditions of the Placing Agreement" of this announcement.

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

On 29 September 2014 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, whereby the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, of up to 486,320,000 Placing Shares to currently expected not less than six (6) Placees who and whose ultimate beneficial owners shall be Independent Third Parties at the Placing Price of HK\$0.18 per Placing Share.

### **The Placing Agreement**

Date: 29 September 2014

Parties: (a) The Company  
(b) The Placing Agent

The Placing Agent has been appointed to place, on a best effort basis, the Placing Shares at the Placing Price. The Placing Agent is a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). To the best of the Directors' knowledge, information and

belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

#### *The Placees*

The Placing Shares will be placed on a best effort basis to currently expected not less than six (6) Placees (who will be independent professional, institutional or other investors) who and whose ultimate beneficial owners shall be Independent Third Parties. It is expected that none of the Placees will become a Substantial Shareholder immediately after completion of the Placing.

If any of the Placees becomes a Substantial Shareholder after completion of the Placing, a further announcement will be made by the Company.

#### *Number of Placing Shares*

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the number of Placing Shares shall be up to 486,320,000 new Shares, representing (i) approximately 20.00% of the existing issued share capital of the Company of 2,431,670,845 Shares as at the date of this announcement; and (ii) approximately 16.67% of the Company's issued share capital of 2,917,990,845 Shares as enlarged by the allotment and issue of the Placing Shares.

#### *Placing Price*

The Placing Price is HK\$0.18 per Placing Share. In line with the market practice, the Company will bear all costs and expenses of the Placing. Based on the estimated expenses for the Placing, the net Placing Price is approximately HK\$0.175 per Placing Share.

The Placing Price of HK\$0.18 represents:

- (a) a discount of approximately 11.33% to the closing price of HK\$0.203 per Share as quoted on the Stock Exchange as at the date of the Placing Agreement; and
- (b) a discount of approximately 14.29% to the average closing price of HK\$0.210 per Share as quoted on the Stock Exchange for last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to, among others, the prevailing market price of the Shares and the trading liquidity of the Shares. The Directors (including the

independent non-executive Directors) consider that the Placing Price is fair and reasonable based on the prevailing market conditions and is in the interests of the Company and the Shareholders as a whole.

The Placing Shares will, upon allotment and issue, be free from all liens, charges, encumbrances or third party rights of whatsoever nature and together with all rights attaching thereto at completion of the Placing and thereafter.

#### *Ranking of Placing Shares*

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

#### *General Mandate to allot and issue the Placing Shares*

The Placing Shares will be allotted and issued under the General Mandate.

Under the General Mandate, the Directors are authorised to issue up to 486,334,169 new Shares. Up to the date of this announcement, no new Shares have been allotted and issued under the General Mandate and the Directors are allowed to issue up to 486,334,169 new Shares. Accordingly, no Shareholder's approval is required for the Placing.

#### *Conditions of the Placing Agreement*

Completion of the Placing Agreement is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (b) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure events.

#### *Completion of the Placing*

Completion of the Placing, in any event, will take place within four Business Days after the fulfillment of the conditions as set out in paragraph headed "Conditions of the Placing Agreement" above or such other date to be agreed between the Company and the Placing Agent in writing (the "**Completion Date**"). If the above conditions are not satisfied and/or

waived (other than condition (i) above, which cannot be waived) in whole or in part by the Placing Agent prior to 5:00 p.m. on or before 17 October 2014, or such later date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties hereunder will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches thereof).

*Termination and force majeure*

The Placing Agent may terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events:

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the Completion Date:

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) the trading of the Shares on the Stock Exchange has been suspended for more than ten consecutive trading days save for the purposes of clearing of the announcement(s) or circular(s) relating to the Placing Agreement; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

The Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

#### *Application for listing*

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

## Shareholding structure of the Company

Set out below is the shareholding structure of the Company before and after the completion of the Placing:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Honghu Capital Company Limited (" <b>Honghu</b> ") ( <i>Note 1</i> )	400,000,000	16.45%	400,000,000	13.71%
Mr. Kuk Peter Z ( <i>Note 2</i> )	120,000,000	4.93%	120,000,000	4.11%
Mr. Yin Shibo ( <i>Note 2</i> )	26,161,600	1.08%	26,161,600	0.90%
Other Shareholders:				
Placees	—	0.00%	486,320,000	16.67%
Public Shareholders	<u>1,885,509,245</u>	<u>77.54%</u>	<u>1,885,509,245</u>	<u>64.61%</u>
Total	<u>2,431,670,845</u>	<u>100.00%</u>	<u>2,917,990,845</u>	<u>100.00%</u>

Notes:

1. Honghu is wholly-owned by Mr. Deng Junjie.
2. Mr. Kuk Peter Z and Mr. Yin Shibo are the non-executive Director and the executive Director, respectively.

## Reasons for the Placing and use of proceeds

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

The maximum gross proceeds of the Placing will amount to approximately HK\$87.54 million and the maximum net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$85.24 million after deducting relevant expenses incurred in relation to the Placing.

The Company intends to apply the maximum net proceeds from the Placing for investment opportunities that may arise, including for the venture announced by the Company on 22 September 2014 in respect of a memorandum of understanding dated 22 September 2014 for a cartoon and comics-related business, licensing of comic brands and sale of children's clothing and articles in the PRC.

The Board considers that the Placing represents an opportunity for the Group to broaden its shareholder and capital base thereby increasing the liquidity of the Shares. The Directors (including the independent non-executive Directors) consider that the Placing Agreement is entered into upon normal commercial terms and that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company has not conducted any fund raising exercise during the past twelve months immediately preceding the date of this announcement.

#### **TERMS USED IN THIS ANNOUNCEMENT**

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein.

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 5 p.m.) 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 Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the directors of the Company



“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 30 May 2014, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third parties who are not connected with or acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with any directors, chief executive or Substantial Shareholder(s) or its subsidiaries of the Company and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any independent professional, institutional or other investors procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of up to 486,320,000 Placing Shares by the Placing Agent pursuant to the terms of the Placing Agreement
“Placing Agreement”	the placing agreement dated 29 September 2014 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.18 per Placing Share
“Placing Share(s)”	up to 486,320,000 new Shares to be placed by the Placing Agent pursuant to the terms of the Placing Agreement
“PRC”	the People’s Republic of China

“Share(s)”	ordinary share(s) of HK\$0.05 each in share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**China Best Group Holding Limited**  
**Mr. Li Yang**  
*Deputy Chairman*

Hong Kong, 29 September 2014

*As at the date of this announcement, the Board comprises two executive directors, namely Mr. Li Yang and Mr. Yin Shibo, two non-executive directors, namely Mr. Kuk Peter Z and Mr. Huang Boqi, and three independent non-executive directors, namely Mr. Chan Fong Kong Francis, Mr. Zhou Mingchi and Mr. Zhang Liang.*