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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)

**OPEN OFFER ON THE BASIS OF ONE OFFER SHARE
FOR EVERY TWO EXISTING SHARES
HELD ON THE RECORD DATE**

Underwriter to the Open Offer



金利豐證券

KINGSTON SECURITIES

**(1) OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO
EXISTING SHARES HELD ON THE RECORD DATE**

The Company proposes to raise not less than approximately HK\$218.85 million and not more than approximately HK\$245.54 million before expenses by issuing not less than 1,458,995,422 Offer Shares and not more than 1,636,907,461 Offer Shares at the Subscription Price of HK\$0.15 per Offer Share on the basis of one (1) Offer Share for every two (2) existing Shares held on the Record Date and payable in full upon application. Qualifying Shareholders are not entitled to apply for excess Offer Shares and any such Offer Shares not taken up by the Qualifying Shareholders in excess of their respective entitlements under the Open Offer will be underwritten by the Underwriter. The Open Offer is only available to the Qualifying Shareholders, and will not be extended to the Non-Qualifying Shareholders.

* for identification purpose only

The Subscription Price of HK\$0.15 per Offer Share represents (i) a discount of approximately 39.76% to the closing price of HK\$0.249 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 30.56% to the theoretical ex-entitlement price of approximately HK\$0.216 based on the closing price of HK\$0.249 per Share as quoted on the Stock Exchange on the Last Trading Day; and (iii) a discount of approximately 40.24% to the average closing price of approximately HK\$0.251 per Share for the last five consecutive trading days up to and including the Last Trading Day.

Assuming no further issue of new Shares or repurchase of Shares other than those falling to be issued upon full exercise of the Share Options, the maximum of 1,636,907,461 Offer Shares proposed to be allotted and issued, representing approximately 56.10% of the Company's issued share capital of 2,917,990,845 Shares as at the date of this announcement and approximately 33.33% of the Company's issued share capital of 4,910,722,384 Shares as enlarged by 355,824,078 Shares to be issued upon full exercise of the Share Options and the 1,636,907,461 Offer Shares (being the maximum number of Offer Shares to be allotted and issued under the Open Offer) immediately after completion of the Open Offer.

The gross proceeds from the Open Offer will be not less than approximately HK\$218.85 million and not more than approximately HK\$245.54 million. The net proceeds from the Open Offer after deducting all relevant expenses are estimated to be not less than HK\$211.98 million but not more than HK\$238.00 million.

To qualify for the Open Offer, all transfers of Shares must be lodged for registration with the Registrar by 4:30 p.m. on Friday, 28 November 2014. The register of members of the Company will be closed from Monday, 1 December 2014 to Thursday, 4 December 2014, both days inclusive, to determine the eligibility of the Open Offer. The Record Date is Thursday, 4 December 2014. The last day of dealings in the Shares on cum-entitlement basis of the Open Offer is Wednesday, 26 November 2014. The Shares will be dealt in on an ex-entitlement basis of the Open Offer from Thursday, 27 November 2014.

(2) GENERAL

Since the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the twelve-month period immediately preceding this announcement and the Open Offer is fully underwritten by the Underwriter who is not a director, chief executive or Substantial Shareholder (or an associate of any of them) pursuant to the Listing Rules, the Open Offer is therefore not subject to Shareholders' approval requirement under the Listing Rules.

The Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders, and the Overseas Letter together with the Prospectus will be despatched to the Non-Qualifying Shareholders for their information only on Friday, 5 December 2014.

(3) WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

The Shares will be dealt in on an ex-entitlement basis commencing from Thursday, 27 November 2014 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

(1) OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE

On 10 November 2014 (after trading hours of the Stock Exchange), the Company and the Underwriter entered into the Underwriting Agreement. The terms of the Open Offer are set out as follow:

The Open Offer

Under the Open Offer, the Company proposes to raise not less than approximately HK\$218.85 million and not more than approximately HK\$245.54 million before expenses by way of the Open Offer, details of which are set out as follows:

Issue statistics

Basis of the entitlement:	One (1) Offer Share for every two (2) existing Shares held on the Record Date
Subscription Price:	HK\$0.15 per Offer Share
Number of Shares in issue as at the date of this announcement:	2,917,990,845 Shares
Number of Offer Shares:	Not less than 1,458,995,422 Offer Shares (assuming no exercise of the Share Options on or before the Record Date) and not more than 1,636,907,461 Offer Shares (assuming full exercise of the Share Options on or before the Record Date)
Number of Offer Shares underwritten by the Underwriter:	All the Offer Shares, being not less than 1,458,995,422 Offer Shares (assuming no exercise of the Share Options on or before the Record Date) and not more than 1,636,907,461 Offer Shares (assuming full exercise of the Share Options on or before the Record Date)
Number of enlarged Shares in issue upon completion of the Open Offer:	Not less than 4,376,986,267 Offer Shares (assuming no exercise of the Share Options on or before the Record Date) and not more than 4,910,722,384 Offer Shares (assuming full exercise of the Share Options on or before the Record Date)

As at the date of this announcement, there are outstanding Share Options entitling the holders thereof to subscribe for an aggregate of 355,824,078 Shares. Save as and except for the Share Options, as at the date of this announcement, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

To the extent that the Open Offer may lead to adjustments on the exercise price and/or the number of Shares to be issued upon exercise of the Share Options, the Company will notify the holders of the Share Options regarding adjustments to be made (if any) pursuant to the terms of the Old Share Option Scheme and the New Share Option Scheme.

Assuming no further issue of new Shares or repurchase of Shares other than those falling to be issued upon full exercise of the Share Options, the maximum of 1,636,907,461 Offer Shares proposed to be allotted and issued, represents approximately 56.10% of the Company's issued share capital of 2,917,990,845 Shares as at the date of this announcement and approximately 33.33% of the Company's issued share capital of 4,910,722,384 Shares to be enlarged by 355,824,078 Shares to be issued upon full exercise of the Share Options and the 1,636,907,461 Offer Shares (being the maximum number of Offer Shares to be allotted and issued under the Open Offer) immediately after completion of the Open Offer.

Basis of entitlement

The basis of the entitlement shall be one (1) Offer Share for every two (2) existing Shares held on the Record Date, being not less than 1,458,995,422 Offer Shares and not more than 1,636,907,461 Offer Shares at the Subscription Price. Acceptance for all or any part entitlement of a Qualifying Shareholder should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being accepted for.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send (a) the Prospectus Documents to the Qualifying Shareholders; and (b) the Overseas Letter together with the Prospectus, for information only, to the Non-Qualifying Shareholders.

To qualify for the Open Offer, the Shareholders must (a) at the close of business on the Record Date be registered on the register of members of the Company; and (b) not being the Non-Qualifying Shareholders.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company prior to the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) for registration with Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Friday, 28 November 2014.

Closure of register of members for the Open Offer

The Company's register of members will be closed from Monday, 1 December 2014 to Thursday, 4 December 2014, both days inclusive, to determine the eligibility of the Qualifying Shareholders. No transfer of Shares will be registered during this book closure period.

Subscription Price

The Subscription Price is HK\$0.15 per Offer Share, payable in full upon application.

The Subscription Price represents:

- (a) a discount of approximately 39.76% to the closing price of HK\$0.249 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 30.56% to the theoretical ex-entitlement price of approximately HK\$0.216 based on the closing price of HK\$0.249 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (c) a discount of approximately 40.24% to the average closing price of approximately HK\$0.251 per Share for the last five consecutive trading days up to and including the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to, among others, the prevailing market price of the Shares and the trading liquidity of the Shares. The Directors consider that each Qualifying Shareholder will be entitled to subscribe for the Offer Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date and the terms of the Open Offer, including the Subscription Price which has been set as a discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to share in the potential growth of the Company, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

After deducting all relevant expenses relating to the Open Offer, the maximum net price per Offer Share will be approximately HK\$0.145.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders. If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Offer Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Open Offer will not be available to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Non-Qualifying Shareholders.

Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Open Offer, to be despatched to the Qualifying Shareholders on Friday, 5 December 2014. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but no Application Form will be sent to them.

Ranking of the Offer Shares

The Offer Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Offer Shares in their fully-paid form.

Share certificates and refund cheques for the Open Offer

Subject to the fulfillment of the conditions of the Open Offer, certificates for all fully paid Offer Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Wednesday, 31 December 2014. If the Open Offer is terminated, refund cheques will be despatched on or before Wednesday, 31 December 2014 by ordinary post at the respective Shareholders' own risk.

No application for excess Offer Shares

Considering that the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, if application for excess Offer Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures.

Accordingly, no excess Offer Shares will be offered to the Qualifying Shareholders and any Offer Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriter.

Fractions of the Offer Shares

Fractions of Offer Shares will not be allotted to Qualifying Shareholders and fractional entitlements will be rounded down to nearest whole number. Any Offer Shares created from the aggregation of fractions of Offer Shares will be aggregated and taken up by the Underwriter.

Application for the Offer Shares

The Application Form in respect of the entitlement of the Offer Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Offer Shares as shown therein by completing such form and lodging the same with a remittance for the Offer Shares being taken up with the Registrar by the Latest Time for Acceptance.

Application for listing

The Company will apply to the Stock Exchange for the listing of and permission to deal in, the Offer Shares. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

Subject to the granting of the approval for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Undertaking

The Underwriting Agreement

Date:	10 November 2014 (after trading hours of the Stock Exchange)
Underwriter:	Kingston Securities Limited
Number of Offer Shares to be underwritten:	Not less than 1,458,995,422 Offer Shares (assuming no exercise of the Share Options on or before the Record Date) and not more than 1,636,907,461 Offer Shares (assuming full exercise of the Share Options on or before the Record Date).

The Underwriter 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 Underwriter and its ultimate beneficial owners are Independent Third Parties.

Under the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers for the Underwritten Shares not taken up:

- (a) the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares not taken up which will result in the shareholding of it and parties acting in concert with it in the Company to exceed 29.9% of the voting rights of the Company upon the completion of the Open Offer; and
- (b) the Underwriter shall use its best endeavours to ensure that (i) each of the subscribers of the Underwritten Shares not taken up procured by it shall be third party independent of, not acting in concert with and not connected with the Company, any of the directors or chief executive or substantial shareholders of the Company or their respective associates; and (ii) the public float requirements under Rule 8.08 of the Listing Rules remains to be fulfilled by the Company upon completion of the Open Offer.

Underwriting Commission

The Company will pay the Underwriter an underwriting commission of 2.5% of the aggregate Subscription Price in respect of the maximum number of the underwritten Offer Shares, being 1,636,907,461 Offer Shares. The Directors (including the independent non-executive Directors) are of the view that the terms of the Underwriting Agreement, including the commission, accord with the market practice, are fair and reasonable so far as the Company and the Shareholders are concerned.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

- (a) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (ii) 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 Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (b) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

- (c) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (e) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (f) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Open Offer; or
- (g) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of this announcement, or the Prospectus Documents or other announcements or circulars in connection with the Open Offer, the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (a) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement above comes to the knowledge of the Underwriter; or
- (b) any specified event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

Upon the giving of notice in accordance with the above, the Underwriting Agreement shall terminate and the obligations of the parties shall forthwith cease and be null and void and none of the parties shall, save in respect of any right or liability accrued before such termination, have any right against or liability towards any of the other parties arising out of or in connection with the Underwriting Agreement.

Conditions of the Open Offer

The Open Offer is conditional upon:

- (a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;
- (d) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms; and
- (e) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement.

None of the above conditions are waivable. If any of the conditions of the Open Offer is not satisfied in whole or in part by the Company by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and none of the parties shall, save in respect of any right or liability accrued before such termination, have any right against or liability towards any of the other parties arising out of or in connection with the Underwriting Agreement.

Expected timetable

The expected timetable for the Open Offer is set out below:

2014/2015

Last day of dealings in Shares on cum-entitlements basis of the Open Offer	Wednesday, 26 November
First day of dealings in Shares on ex-entitlements basis of the Open Offer	Thursday, 27 November
Latest time for lodging transfers of Shares in order to qualify for the Open Offer	4:30 p.m. on Friday, 28 November
Register of members of the Company close (both days inclusive)	Monday, 1 December to Thursday, 4 December
Record Date for the Open Offer	Thursday, 4 December
Register of members reopen	Friday, 5 December
Despatch of Prospectus Documents	Friday, 5 December
Latest time for acceptance of, and payment for, the Offer Shares	4:00 p.m. on Friday, 19 December
Latest Time to terminate the Underwriting Agreement and for the Open Offer to become unconditional	4:00 p.m. on Monday, 29 December
Announcement of results of the Open Offer	Tuesday, 30 December
Certificates for fully paid Offer Shares to be despatched on or before	Wednesday, 31 December
Despatch of refund cheques if the Open Offer is terminated	Wednesday, 31 December
Commencement of dealings in fully-paid Offer Shares	9:00 a.m. on Friday, 2 January

All times and dates stated in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to Shareholders as and when appropriate.

Shareholding structure of the Company

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

- (i) Assuming there is no further issue of new Shares or repurchase of Shares by the Company on or before the Record Date:

Shareholders	Immediately after completion of the Open Offer					
	As at the date of this announcement		All Offer Shares are subscribed by the Qualifying Shareholders		None of the Offer Shares are subscribed by the Qualifying Shareholders (except for the Underwriter)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Honghu Capital Company Limited ("Honghu") (Note 1)	400,000,000	13.71	600,000,000	13.71	400,000,000	9.14
Directors						
Mr. Li Yang (Note 2)	–	0.00	–	0.00	–	0.00
Mr. Li Xiaolong (Note 2)	–	0.00	–	0.00	–	0.00
Mr. Yin Shibo (Note 2)	26,161,600	0.90	39,242,400	0.90	26,161,600	0.60
Mr. Tang Hon Kwo (Note 2)	–	0.00	–	0.00	–	0.00
Mr. Wang Jian (Note 2)	–	0.00	–	0.00	–	0.00
Mr. Kuk Peter Z (Note 3)	120,000,000	4.11	180,000,000	4.11	120,000,000	2.74
Sub-total	146,161,600	5.01	219,242,400	5.01	146,161,600	3.34
Underwriter (Note 4)	–	0.00	–	0.00	1,458,995,422	33.33
Public Shareholders	2,371,829,245	81.28	3,557,743,867	81.28	2,371,829,245	54.19
Total:	2,917,990,845	100.00	4,376,986,267	100.00	4,376,986,267	100.00

- (ii) Assuming there is no further issue of new Shares or repurchase of Shares other than those falling to be issued upon full exercise of the Share Options by the Company on or before the Record Date:

Shareholders	Immediately after completion of the Open Offer					
	As at the date of this announcement		All Offer Shares are subscribed by the Qualifying Shareholders		None of the Offer Shares are subscribed by the Qualifying Shareholders (except for the Underwriter)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Honghu (Note 1)	400,000,000	13.71	600,000,000	12.22	400,000,000	8.15
Directors						
Mr. Li Yang (Note 2)	–	0.00	36,450,000	0.74	24,300,000	0.49
Mr. Li Xiaolong (Note 2)	–	0.00	36,450,000	0.74	24,300,000	0.49
Mr. Yin Shibo (Note 2)	26,161,600	0.90	75,692,400	1.54	50,461,600	1.04
Mr. Tang Hon Kwo (Note 2)	–	0.00	36,450,000	0.74	24,300,000	0.49
Mr. Wang Jian (Note 2)	–	0.00	36,450,000	0.74	24,300,000	0.49
Mr. Kuk Peter Z (Note 3)	120,000,000	4.11	216,450,000	4.42	144,300,000	2.94
Sub-total	146,161,600	5.01	437,942,400	8.92	291,961,600	5.94
Underwriter (Note 4)	–	0.00	–	0.00	1,636,907,461	33.33
Public Shareholders	2,371,829,245	81.28	3,872,779,984	78.86	2,581,853,323	52.58
Total:	2,917,990,845	100.00	4,910,722,384	100.00	4,910,722,384	100.00

Notes:

- Honghu is wholly-owned by Mr. Deng Junjie.
- Mr. Li Yang, Mr. Li Xiaolong, Mr. Yin Shibo, Mr. Tang Hon Kwo and Mr. Wang Jian are executive Directors. Mr. Yin Shibo held 26,161,600 Shares and 24,300,000 Share Options. Each of Mr. Li Yang, Mr. Li Xiaolong, Mr. Tang Hon Kwo and Mr. Wang Jian held 24,300,000 Share Options respectively.
- Mr. Kuk Peter Z is a non-executive Director and held 120,000,000 Shares and 24,300,000 Share Options.
- Pursuant to the Underwriting Agreement, the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares not taken up which will result in the shareholding of it and parties acting in concert with it in the Company to exceed 29.9% of the voting rights of the Company upon the completion of the Open Offer.
- The percentages are subject to rounding error.
- The scenario is for illustrative purpose only.

Reasons for the Open Offer 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 gross proceeds from the Open Offer will be not less than approximately HK\$218.85 million and not more than approximately HK\$245.54 million. The net proceeds from the Open Offer after deducting all relevant expenses are estimated to be not less than HK\$211.98 million but not more than HK\$238.00 million.

In order to diversify the business portfolio and broaden the income base of the Group, the Company intends to apply the maximum net proceeds from the Open Offer of HK\$238.00 million mainly for capital injection into a wholly foreign owned enterprise in the PRC for the purpose of establishing a finance leasing business in the PRC, which is expected to commence business in the first quarter of 2015. Such finance leasing business includes but not limited to new energy motor vehicle leasing, medical equipment leasing, environmental-friendly equipment leasing and electronic equipment leasing. The Company expects the income from the finance leasing business will strengthen the income base of the Group and intends to develop the finance leasing business as one of the principal businesses of the Group in future.

The Board considers that the Open Offer represent an opportunity for the Group to broaden its Shareholder and capital base thereby increasing the liquidity of the Shares. The Board also believes that the Open Offer will enable the Group to enhance its financial position. The Open Offer will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the potential future development of the Group. The Directors (including the independent non-executive Directors) consider that the Underwriting Agreement is entered into upon normal commercial terms and that the terms of the Open Offer are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

Save as disclosed in this announcement and apart from the equity fund-raising activity mentioned below, the Company has not raised any fund by issuing equity securities during the 12 months immediately before the date of this announcement.

Date of Announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds received as at the date of this announcement
29 September 2014	Placing of new shares under general mandate	Approximately HK\$85.35 million	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 "Project").	Approximately HK\$24.90 million for investment in listed securities and approximately HK\$0.24 million for settlement of the professional fees incurred for the Project

(2) GENERAL

Since the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the twelve-month period immediately preceding this announcement and the Open Offer is fully underwritten by the Underwriter who is not a Director, chief executive or Substantial Shareholder (or an associate of any of them) pursuant to the Listing Rules, the Open Offer is therefore not subject to Shareholders' approval requirement under the Listing Rules.

The Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders, and the Overseas Letter together with the Prospectus will be despatched to the Non-Qualifying Shareholders for their information only on Friday, 5 December 2014.

(3) WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof.

Accordingly, the Open Offer may or may not proceed.

The Shares will be dealt in on an ex-entitlement basis commencing from Thursday, 27 November 2014 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

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.

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Application Form(s)”	the form(s) of application to be used by the Qualifying Shareholders to apply for the Offer Shares in the agreed form
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	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 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time on or after 3 March 2014
“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
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“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 Takeovers Code) with any directors, chief executive or Substantial Shareholder(s) or its subsidiaries of the Company and their respective associates
“Last Trading Day”	10 November 2014, being the date of entering into of the Underwriting Agreement
“Latest Time for Acceptance”	the latest time for acceptance for the Offer Shares at 4:00 p.m., on Friday, 19 December 2014 or such other time as may be agreed between the Company and the Underwriter

“Latest Time for Termination”	the latest time for terminating the Underwriting Agreement at 4:00 p.m., on Monday, 29 December 2014, being the fourth Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the share option scheme adopted by the Company on 22 May 2012
“Non-Qualifying Shareholders”	Shareholders whose name(s) appear on the register of members of the Company on the Record Date and whose addresses are in jurisdictions outside Hong Kong and whom the Directors are of the view that it would be necessary or expedient to exclude from the Open Offer on the account either of the legal restrictions under the laws of the places of his/her/their registered address(es) or the requirements of the relevant regulatory body or stock exchange in that place
“Offer Shares”	not less than 1,458,995,422 new Shares and not more than 1,636,907,461 new Shares to be allotted and issued pursuant to the Open Offer
“Old Share Option Scheme”	the share option scheme of the Company adopted on 18 March 2002 and terminated on 17 March 2012
“Open Offer”	the proposed issue by way of open offer to the Qualifying Shareholders on the basis of one (1) Offer Share for every two (2) existing Shares held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Overseas Letter”	a letter from the Company to the Non-Qualifying Shareholders explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Open Offer

“Overseas Shareholder(s)”	the Shareholder(s) with registered address(es) (as shown in the register of members of the Company on the Record Date) are outside of Hong Kong
“PRC”	the People’s Republic of China
“Prospectus”	the document containing details of the Open Offer to be despatched to the Qualifying Shareholders
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	Friday, 5 December 2014 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents to the Qualifying Shareholders (or the Prospectus only in case of Non-Qualifying Shareholder(s))
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Thursday, 4 December 2014, or such other date as may be agreed between the Company and the Underwriter for determining entitlements to the Open Offer
“Registrar”	Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“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
“Share Options”	the outstanding options to subscribe for 112,824,078 and 243,000,000 new Shares pursuant to the Old Share Option Scheme and New Share Option Scheme respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.15 per Offer Share

“Substantial Shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	Kingston Securities Limited, a licensed corporation to carry on type 1 (dealing in securities) regulated activity for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 10 November 2014 and entered into among the Company and the Underwriter in relation to the underwriting arrangement in respect of the Open Offer
“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, 10 November 2014

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Li Yang, Mr. Li Xiaolong, Mr. Yin Shibo, Mr. Tang Hon Kwo and Mr. Wang Jian, one non-executive director, namely Mr. Kuk Peter Z, and three independent non-executive directors, namely Mr. Chan Fong Kong Francis, Mr. Chen Zhenguo and Mr. Yuan Guongming.