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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



PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 12 June 2015 (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 875,380,000 Placing Shares to currently expected not fewer than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties at the Placing Price of HK\$0.25 per Placing Share.

* For identification purposes 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 of up to 875,380,000 new Shares, represent (i) approximately 20.00% of the existing issued share capital of the Company of 4,376,986,267 Shares as at the date of this announcement; and (ii) approximately 16.67% of the Company's issued share capital of 5,252,366,267 Shares as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.25 represents (i) a discount of approximately 7.41% to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange as at the date of the Placing Agreement; and (ii) a discount of approximately 16.11% to the average closing price of HK\$0.298 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\$219 million and approximately HK\$213 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 12 June 2015 (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 875,380,000 Placing Shares to currently expected not fewer than six (6) Placees who and whose ultimate beneficial owners shall be Independent Third Parties at the Placing Price of HK\$0.25 per Placing Share.

The Placing Agreement

Date: 12 June 2015 (after trading hours of the Stock Exchange)

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 associates are Independent Third Parties.

The Placees

The Placing Shares will be placed on a best effort basis to currently expected not fewer than six (6) Placees (who will be independent professional, institutional or other investors) who and whose ultimate beneficial owners shall be Independent Third Parties. The Placing Agent will use its best endeavours to ensure 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, further announcements 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 of up to 875,380,000 new Shares, represent (i) approximately 20.00% of the existing issued share capital of the Company of 4,376,986,267 Shares as at the date of this announcement; and (ii) approximately 16.67% of the Company's issued share capital of 5,252,366,267 Shares as enlarged by the allotment and issue of the Placing Shares.

Placing Price

The Placing Price is HK\$0.25 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\$0.243 per Placing Share.

The Placing Price of HK\$0.25 represents:

- (a) a discount of approximately 7.41% to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange as at the date of the Placing Agreement; and
- (b) a discount of approximately 16.11% to the average closing price of HK\$0.298 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 875,397,253 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 875,397,253 new Shares. Accordingly, no Shareholders' 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 becoming unconditional and 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 (4) Business Days after the fulfillment and/or waiver (in respect of condition (b) above) 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 (a) above, which cannot be waived) in whole or in part by the Placing Agent on or before 5:00 p.m. on 26 June 2015 (being the tenth Business Day after the date of signing of the Placing Agreement), 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 event:

- (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 to 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, in its absolute opinion, 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 (save for the provision therein relating to confidentiality) 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 %
China Bosum Asset Management Limited (“China Bosum”)	500,000,000	11.42	500,000,000	9.52
Public Shareholders				
The Placees	–	–	875,380,000	16.67
Other public Shareholders	3,876,986,267	88.58	3,876,986,267	73.81
Sub-total:	3,876,986,267	88.58	4,752,366,267	90.48
Total:	4,376,986,267	100.00	5,252,366,267	100.00

Note:

1. China Bosum is owned as to 51% by Lai Aizhong and 49% by Wen Ting respectively. Hence, both Lai Aizhong and Wen Ting are deemed to be interested in all the shares held by China Bosum under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

REASONS FOR THE PLACING AND USE OF PROCEEDS

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 and fuel oil, iron ore, and other commodities.

The maximum gross proceeds of the Placing will amount to approximately HK\$219 million and the maximum net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$213 million after deducting relevant expenses incurred in relation to the Placing.

The Company intends to utilize the maximum net proceeds from the Placing as follows:

- (i) approximately HK\$131 million to be utilized for a further capital injection into a wholly foreign owned enterprise (the “WFOE”) in the PRC for the purpose of establishing the financial leasing business in the PRC (reasons of this intended utilization is set out in the Company’s announcement dated 11 June 2015); and
- (ii) approximately HK\$82 million to be utilized for investment opportunities that may arise and/or general working capital.

The Board considers that the Placing represents an opportunity for the Company 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.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

Save as disclosed in this announcement and apart from the equity fund-raising activities 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 might arise, including for the venture announced by the Company on 22 September 2014 in respect of a memorandum of understanding dated 22 September 2014 (the "MOU") for a cartoon and comics-related business, licensing of comic brands and sale of children's clothing and articles in the PRC (the "Project"). However, the MOU expired on 22 December 2014 and the Project did not proceed further. The Board resolved and announced on 30 December 2014 to change the proposed use of unutilized proceeds of approximately HK\$59.70 million in the following manner: (a) approximately HK\$30 million for other investment opportunities that may arise from time to time; and (b) the remaining balance of approximately HK\$29.70 million for general working capital.	(a) approximately HK\$24.90 million for investment in listed securities; (b) approximately HK\$1.02 million for settlement of the professional fees incurred for the Project; (c) approximately HK\$29.70 million used as working capital; (d) approximately HK\$1.50 million used in merge and acquisition activities; and (e) the remaining of approximately HK\$28.23 million remained unused and will be used as intended.
10 November 2014	Open offer on the basis of one offer share for every two existing shares held on the record date	Approximately HK\$211.67 million	For capital injection into the WFOE in the PRC for the purpose of establishing a financial leasing business in the PRC.	(a) HK\$100 million for capital injection into the WFOE as intended; (b) HK\$110.25 million for settlement of the consideration of the subscription of new shares of East Favor Global Investment Limited. Details are disclosed in the announcement of the Company dated 11 June 2015; and (c) the remaining of approximately HK\$1.42 million remained unused and will be used as intended.

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 22 May 2015, 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 (i.e. 4,376,986,267 Shares)
“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 875,380,000 Placing Shares by the Placing Agent pursuant to the terms of the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulatory activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 12 June 2015 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.25 per Placing Share
“Placing Share(s)”	up to 875,380,000 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, 12 June 2015

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Tan Xiangdong, Mr. Li Yang, Mr. Li Xiaolong and Mr. Wang Jian and three independent non-executive directors, namely Mr. Chan Fong Kong Francis, Mr. Chen Zhenguo and Mr. Yuan Guangming.