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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) FURTHER UPDATES ON THE SUBSCRIPTION PROPOSAL
(2) PROPOSED ISSUE OF NEW SHARES
UNDER SPECIFIC MANDATE
AND
(3) RESUMPTION OF TRADING**

Financial Advisor to Silver Venus

Financial Advisor to the Company



FURTHER UPDATES ON THE SUBSCRIPTION PROPOSAL

As set out in the Company's announcement dated 27 October 2015, the Stock Exchange was of the view that the Company would upon completion of the Original Proposal, become a cash company under Rule 14.82 of the Listing Rules. In response to the aforesaid, the Company and the other parties under the Original Proposal agreed to the First Revised Proposal by, among others, reducing the subscription size of the Original Proposal.

* For identification purpose only

The Company was subsequently informed by the Stock Exchange on 13 November 2015 that the Stock Exchange maintained the same view with respect to the First Revised Proposal as with respect to the Original Proposal that the Company would upon completion of the First Revised Proposal become a cash company under Rule 14.82 of the Listing Rules. In view of the aforesaid, the Company and the other parties to the Share Subscription Agreement and the Second Share Subscription Agreement on 7 December 2015 entered into further agreements to revise the terms of the First Revised Proposal as follows:–

- (a) the Company, the Share Subscribers and the Warrantors entered into the Second Share Subscription Supplemental Agreement amending certain terms of the Share Subscription Agreement (further details of which are set out in this announcement); and
- (b) the Company and Happy-Silicon entered into a deed of termination which terminated the Second Share Subscription Agreement by mutual agreement with effect from the date of the deed of termination.

As the completion of the Share Subscription will no longer result in a change in control of the Company under the Takeovers Code, the Share Subscription Agreement will not be conditional on the obtaining of the approval of the Whitewash Waiver by the independent Shareholders and the granting of the Whitewash Waiver by the SFC. Accordingly, Silver Venus will not proceed with the application for the Whitewash Waiver under the Share Subscription.

PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

On 15 September 2015, 26 October 2015 and 7 December 2015, the Share Subscribers, the Company and the Warrantors entered into the principal Share Subscription Agreement, the First Share Subscription Supplemental Agreement and the Second Share Subscription Supplemental Agreement, respectively. Pursuant to the Share Subscription Agreement, the Share Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue, on the Completion Date, the Subscription Shares for a total consideration of HK\$360,000,000 at HK\$0.18 per Share under the Specific Mandate.

SGM

The SGM will be held to consider and, if thought fit, pass the ordinary resolutions to approve, among other things, (i) the Share Subscription Agreement and the transactions contemplated thereunder and (ii) the granting of the Specific Mandate.

Only Shareholders who do not have a material interest or who are not involved in or interested in the Share Subscription can vote on the aforesaid resolutions at the SGM. As such, China Bosum (being a party to the Share Subscription Agreement) and its associates, who are interested in 500,000,000 Shares as at the date of this announcement, will abstain from voting on the aforesaid resolutions at the SGM. Save for China Bosum, there is no other Shareholder who has a material interest or who is involved in or interested in the Share Subscription, and thereby required to abstain from voting on the relevant resolutions at the SGM.

GENERAL

A circular containing, among other things, (i) further details of the Share Subscription, and (ii) a notice convening the SGM and a form of proxy are expected to be despatched to the Shareholders on or before 31 December 2015.

Completion is subject to the fulfilment (or waiver, if applicable) of the conditions precedent in the Share Subscription Agreement. As the Share Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares or any other securities of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 11 August 2015 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 10 December 2015.

FURTHER UPDATES ON THE SUBSCRIPTION PROPOSAL

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Principal terms of the Share Subscription Agreement

Date: 15 September 2015 (as amended on 26 October 2015 and 7 December 2015, respectively)

Parties:

- (a) the Company;
- (b) the Share Subscribers; and
- (c) the Warrantors.

As at the date of this announcement, the Share Subscribers and their respective ultimate beneficial owners are Independent Third Parties and none of them hold any Shares. China Bosum, which is owned as to 51% by Mr. Lai Aizhong and 49% by Ms. Wen Ting, is interested in 500,000,000 Shares, representing approximately 9.50% interest in the Company as at the date of this announcement. Each of China Bosum and Mr. Lai Aizhong is a Warrantor under the Share Subscription Agreement in respect of certain representations to the Share Subscription with regard to the Group.

The Subscription Shares will be subscribed by the Share Subscribers in the following proportion:

Share Subscribers	Number of Shares	Percentage of all the Subscription Shares	Subscription consideration (HK\$)
Silver Venus	1,600,000,000	80%	288,000,000
Aquila Global	200,000,000	10%	36,000,000
Sungi Global	200,000,000	10%	36,000,000
Total	<u><u>2,000,000,000</u></u>	<u><u>100%</u></u>	<u><u>360,000,000</u></u>

Subscription Price per Share: HK\$0.18.

The Subscription Shares represent:

- (a) approximately 37.99% of the existing issued share capital of the Company; and
- (b) approximately 27.53% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Subscription Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company the record date of which falls on or after the date of allotment and issue of the Subscription Shares.

Conditions for the Share Subscription

Completion is conditional upon the satisfaction (if applicable, waiver) of the following conditions:

- (a) the approval by the Shareholders at the SGM of:
 - (i) the Share Subscription and any others transactions contemplated under the Share Subscription Agreement, including but not limited to the allotment and issue of the Subscription Shares to the Share Subscribers; and
 - (ii) the Specific Mandate,in accordance with the requirements of the Listing Rules;
- (b) the approval by the Listing Committee for the listing of, and dealing in, the Subscription Shares, such approval having not been cancelled or withdrawn;
- (c) the obtaining by the Company and the Warrantors from all relevant government authorities, regulatory authorities or PRC approval authorities of all necessary exemption, consents, approvals, licenses, authorisations, permits, order and waiver (if applicable) in respect of the Share Subscription Agreement and the transactions contemplated thereunder;
- (d) the Company having procured Yongjia Investments to complete the acquisition of the entire issued shares of China Best Finance on or before 14 October 2015 in accordance with the terms of the China Best Finance Acquisition Agreement, and to provide evidence that Yongjia Investments has become the holder of the entire issued shares, and has become the sole shareholder, of China Best Finance;
- (e) all the warranties given by the Company and the Warrantors under the Share Subscription Agreement being true and accurate in all material aspects, and not misleading in all aspects as at the date of execution of the Share Subscription Agreement and the Completion Date;

- (f) all the warranties given by the Share Subscribers under the Share Subscription Agreement being true and accurate in all material aspects, and not misleading in all aspects as at the date of the execution of the Share Subscription Agreement and the Completion Date;
- (g) the Company and the Warrantors having performed and complied with, in all material aspects, all obligations under the Share Subscription Agreement required to be performed on or before the Completion Date, and none of the undertakings given by the Company and the Warrantors under the Share Subscription Agreement having been breached;
- (h) the Share Subscribers having performed and complied with, in all material aspects, all obligations under the Share Subscription Agreement required to be performed on or before the Completion Date, and none of the undertakings given by the Share Subscribers under the Share Subscription Agreement having been breached;
- (i) there being no matter or circumstance which would result in a Material Adverse Effect with respect to the business or financial conditions of any Group Companies;
- (j) the obtaining by the Share Subscribers from all relevant government authorities or regulatory authorities, PRC approval authorities (including but not limited to the central or local divisions of National Development and Reform Commission, Ministry of Commerce, State Administration of Foreign Exchange, and/or State Administration of State-owned Assets Commission) of all necessary consents, approvals, waivers, registrations and filings (if applicable) in respect of the Share Subscription Agreement and the transactions contemplated thereunder, in accordance with the laws and regulations of the relevant applicable jurisdictions; and
- (k) the Shares continuing to be listed and traded on the Stock Exchange at all times (other than trading halt(s) contemplated under or as a result of the Share Subscription, and trading halts(s) of no longer than 15 business days (or such longer periods as may be agreed between the parties to the Share Subscription Agreement)), and the Company not having received any indications from the Stock Exchange or the SFC on or before the date of Completion that the listing status of the Shares on the Stock Exchange will or may be revoked or rejected (conditional or otherwise) as a result of Completion, the terms of Share Subscription Agreement or any transactions contemplated thereunder.

As at the date of this announcement, condition (d) has been fulfilled. If the other conditions above have not been fully fulfilled, satisfied or waived on or before 31 March 2016 (or such other date as may be agreed in writing by the parties to the Share Subscription Agreement), the Share Subscription Agreement shall lapse and be of no further effect, save for the survival provisions and in respect of any accrued rights or obligations, provided that (i) the Share Subscribers may waive any or all of the conditions above, save for conditions (a), (b), (c), (f), (h), (j) and (k), and (ii) the Company may, and on behalf of the Warrantors, waive any or all of the conditions (f) and (h) above.

Completion

Completion shall take place on the Completion Date after the fulfilment of the conditions set out above.

Nomination of Directors

Pursuant to the Share Subscription Agreement and upon Completion, the Share Subscribers have the right to nominate two (2) persons to be appointed as Directors, which appointment shall be subject to the Company having obtained all necessary corporate approvals in connection with such appointment of Directors in accordance with the bye-laws of the Company. The Company will make further announcements pursuant to Rule 13.51(2) of the Listing Rules to provide further details about changes to the composition of the Board.

The Subscription Price

The Subscription Price of HK\$0.18 per Share represents:

- (a) a discount of approximately 26.23% to the closing price of HK\$0.244 per Share on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 16.28% to the average closing price of approximately HK\$0.215 per Share for the last five trading days up to and including the Last Trading Day;
- (c) a discount of approximately 15.49% to the average closing price of approximately HK\$0.213 per Share for the last 30 trading days up to and including the Last Trading Day;

- (d) a discount of approximately 34.31% to the average closing price of approximately HK\$0.274 per Share for the last 60 trading days up to and including the Last Trading Day; and
- (e) a discount of approximately 22.75% to the average closing price of approximately HK\$0.233 per Share for the last 180 trading days up to and including the Last Trading Day.

In addition, by reference to the net assets value of the Group as reflected in the Company's interim report for the 6-month period ended 30 June 2015 of approximately HK\$912.26 million (equivalent to approximately HK\$0.173 per Share based on 5,264,566,267 Shares in issue as at the date of this announcement), the Subscription Price per Share represents a premium of approximately 4.05% to the net assets value per Share.

The net aggregate proceeds from the Share Subscription, after deduction of relevant expenses (including but not limited to the legal expenses and disbursements), is estimated to be approximately HK\$356 million. The net Subscription Price per Share and is estimated to be approximately HK\$0.178, after deduction of relevant expenses of the Share Subscription.

The Subscription Price for the Share Subscription was determined after arm's length negotiations between the Company and the Share Subscribers with reference to the recent average closing prices of the Shares on the Stock Exchange and the recent financial position of the Group. The Directors consider that the Share Subscription Agreement has been entered into upon normal commercial terms and the terms of the Share Subscription Agreement (including, without limitation, the Subscription Price) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION OF THE SHARE SUBSCRIBERS

Silver Venus, one of the Share Subscribers, is an investment holding company incorporated in the British Virgin Islands and is an indirect wholly-owned subsidiary of Zhongzhi Enterprise Group Co., Ltd* (中植企業集團有限公司).

Zhongzhi Enterprise Group Co., Ltd* (中植企業集團有限公司) was established in 1989 and headquartered at Chaoyang District, Beijing, with a current staff count of approximately 10,000 people. Its existing registered capital is RMB5 billion. Zhongzhi Enterprise Group Co., Ltd* (中植企業集團有限公司) is owned as to 76% by Zhonghai Shengfeng (Beijing) Capital Management Co., Ltd.* (中海晟豐(北京)資本管理有限公司), 16% by Mr. Liu Yiliang (劉義良) and 8% by Ms. Xie Huiyu (解蕙滄). The equity interest in Zhonghai Shengfeng (Beijing) Capital Management Co., Ltd.* (中海晟豐(北京)資本管理有限公司) is wholly owned by Mr. Xie Zhikun (解直錕).

Zhongzhi Enterprise Group Co., Ltd* (中植企業集團有限公司) is an asset management company in the PRC. It has all along been adhered to the strategy of “growing together with good companies” to gradually develop itself to become an innovative consolidated financial service group with high concentration and diversification in the integrated financial businesses in investment, financing and property funds. Its business segments include trust, mergers and acquisitions, investments, innovative financial services, wealth management and financial investments.

Sungi Global, one of the Share Subscribers, is an investment holding company incorporated in the British Virgin Islands, and is wholly owned by Shangji (Shanghai) Investment Center (Limited Partnership)* (商驥(上海)投資中心(有限合夥)), a limited partnership registered under the laws of PRC, of which Dazi County Dingcheng Capital Investment Co., Ltd.* (達孜縣鼎誠資本投資有限公司) is the general partner and Beijing Zhongrong Dingxin Investment Management Co., Ltd.* (北京中融鼎新投資管理有限公司) is its limited partner. Dazi County Dingcheng Capital Investment Co., Ltd.* (達孜縣鼎誠資本投資有限公司) is wholly owned by Beijing Zhongrong Dingxin Investment Management Co., Ltd.* (北京中融鼎新投資管理有限公司). There are no other general or limited partners of Shangji (Shanghai) Investment Center (Limited Partnership)* (商驥(上海)投資中心(有限合夥)). Beijing Zhongrong Dingxin Investment Management Co., Ltd.* (北京中融鼎新投資管理有限公司) is wholly owned by Zhongrong International Trust Co., Ltd* (中融國際信託有限公司) which is owned as to approximately 37.47% by Jingwei Textile Machinery Co., Ltd.* (經緯紡織機械股份有限公司), approximately 32.99% by Zhongzhi Enterprise Group Co., Ltd* (中植企業集團有限公司), approximately 21.54% by Harbin Investment Group Company Limited* (哈爾濱投資集團有限責任公司) and approximately 8.01% by Shenyang An Tai Da Commercial Trading Ltd.* (瀋陽安泰達商貿有限公司).

Zhongrong International Trust Co., Ltd* (中融國際信託有限公司) was established in 1987 and since its establishment has developed into a conglomerate financial institution with individual and institutional customers. Zhongrong International Trust Co., Ltd.* (中融國際信託有限公司) has in recent years received numerous industry awards and the asset under management has grown from RMB305.713 billion to RMB722.793 billion from 2012 to 2014.

Aquila Global, one of the Share Subscribers, is an investment holding company incorporated in the British Virgin Islands and is wholly owned by Yunji (Shanghai) Investment Center (Limited Partnership)* (雲霽(上海)投資中心(有限合夥)), a limited partnership registered under the laws of the PRC, of which Beijing Jingpeng Investment Management Co., Ltd.* (北京京鵬投資管理有限公司) is the general partner. Beijing Jingpeng Investment Management Co., Ltd.* (北京京鵬投資管理有限公司) is owned as to 40.50% by Yanneng Capital Management Co., Ltd.* (岩能資本管理有限公司), 40.50% by Jingwei Textile Machinery Co., Ltd.* (經緯紡織機械股份有限公司), 10% by Beijing Shiyu Investment Co., Ltd.* (北京時雨投資有限公司) and 9% by Jiangyin Fengming Jiutian Investment Center* (江陰鳳鳴九天投資中心). Yanneng Capital Management Co., Ltd.* (岩能資本管理有限公司) is wholly owned by Zhongzhi Enterprise Group Co., Ltd* (中植企業集團有限公司). Beijing Jingpeng Investment Management Co., Ltd.* (北京京鵬投資管理有限公司) is dedicated to investing in listed companies and other outstanding enterprises, and is principally engaged in industry-based mergers and acquisitions and integrations.

REASONS FOR THE SHARE SUBSCRIPTION

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 and commenced the finance leasing business in July 2015.

The Directors have continued to review its existing businesses and strive to improve the business operations and financial position of the Group by proactively seeking potential investment opportunities that can diversify and expand its existing business portfolio, establish new business where desirable, broaden its source of income, and enhance value to its Shareholders. Since the second half of 2014, the Group strengthened its strategic adjustment on its principal business and has been gradually moving towards to the financial service business. The Directors are of the view that the respective industry and sector are expected to possess positive potential and will bring long-terms benefits to the Group.

In November 2014, the Company announced to raise, by an open offer, approximately not less than HK\$211.98 million but not more than approximately HK\$238.00 million for capital injection into an indirect wholly foreign-owned enterprise in the PRC for the purpose of establishing a finance leasing business in the PRC. As of July 2015, Rongjinda Finance Leasing has been established in Qianhai, Shenzhen and its registered capital of US\$30 million (equivalent to approximately HK\$232.50 million) has been fully paid up. As at the date of this announcement, approximately HK\$186.59 million has been utilised in the Group's finance leasing business. If there is new capital injection, the Group believes that Rongjinda Finance Leasing will substantially expand its existing business and succeed substantial growth in its business scale and revenue, thus creating higher value for the Company and the Shareholders.

In April 2015, the subsidiary of the Group, Yongjia Investments (as purchaser) entered into a share sale and purchase agreement with an individual (as seller) to purchase all the shares of Advance Moon Limited (昇月有限公司), which was later renamed as the current name for China Best Finance. China Best Finance holds a money lenders licence in Hong Kong. As at the date of this announcement, this transaction has already been completed. The Group intends to leverage on China Best Finance as the platform to actively develop the money lending business.

The Directors believe that the introduction of renowned strategic investors who can work side by side with the Group would enhance the professional expertise and business development opportunity in the financial industry for the Group, and through identifying, evaluating and purchasing financial institutions established in Hong Kong and overseas, it can accelerate the completion of constructing an innovative comprehensive financial holding platform.

The Directors have considered the following major factors:

- (a) the background, industry expertise, customer resources, innovative concept, risk control capabilities and management experience of the Share Subscribers, as well as the variety of business portfolios of Zhongzhi Enterprise Group Co., Ltd* (中植企業集團有限公司) and Zhongrong International Trust Co., Ltd* (中融國際信託有限公司);
- (b) the benefits, including strategic value and management expertise, that Zhongzhi Enterprise Group Co., Ltd* (中植企業集團有限公司) and Zhongrong International Trust Co., Ltd* (中融國際信託有限公司) could bring to the Group in the future;

- (c) the valuable contributions and views from the Share Subscribers which enable the Group to take a better position to assess, evaluate, capture and undertake business opportunities; and
- (d) the consistency between the strategic intention of the Group and the Share Subscribers' intention to develop financial services platform in the Great China region and worldwide in the future.

The Directors further consider that the entering of the Share Subscription Agreement represents a good opportunity to (i) strengthen the capital base and balance sheet of the Company, and (ii) generate synergy to the Group by tapping into the network and client base of the Share Subscribers and their respective parent groups.

The Group has already entered into the financial industry and commenced related businesses, and has planned to further expand the business scope of its financial businesses. Finance leasing business, money lending business and/or other related financial business are capital-intensive in nature. Upon Completion, the capital base and balance sheet of the Company will be strengthened, which is considered essential for the Group's future business development in the financial business market with a view to establishing a leading position in the financial industry in Hong Kong.

The Directors believe that the Share Subscription will not only enable the Group to raise a significant amount of funds for business development needs, but can also enhance the existing finance leasing business and money lending business of the Group through various channels by sharing the customer base of the Share Subscribers and their parent groups in corporate finance, wealth management and asset management businesses with a view to enhancing the Group's enterprise value and shareholders' returns ultimately.

For the finance leasing businesses, the Directors are of the view that, the Group will benefit from the valuable experience of Zhongzhi Enterprise Group Co., Ltd* (中植企業集團有限公司) and Zhongrong International Trust Co., Ltd* (中融國際信託有限公司) after Completion. It will substantially improve the financial service capability for corporate customers and high net worth individuals. It will put the Group in a better position to assess and evaluate the commercial feasibility of business opportunities, identify and recognise the financial service related business development and diversification and seizing these opportunities.

Finally, the Directors considered various fund raising methods, including the Share Subscription, rights issue or open offer, and debt financing and considered that the Share Subscription is the best option available, for the following reasons:

- (a) it would be difficult for financial institutions to provide facility up to such a substantial amount to the Group as proposed under the Share Subscription and debt financing would inevitably incur significant financial costs for the Group;
- (b) a pre-emptive issue such as rights issue or open offer would not be able to bring in strategic investors as the Share Subscribers, particularly investors with the background and professional expertise of the Share Subscribers; and
- (c) it would be difficult to identify any person who would be willing to underwrite the rights issue or open offer of the Company and even if such an underwriter could be identified, considerable underwriting commission would need to be paid to the underwriter.

In view of the foregoing and having further taking into account the reasons and benefits of the Share Subscription that may be brought to the Group, the Directors consider that the terms of the Share Subscription Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INTENDED USE OF PROCEEDS

As noted above in the section titled “Further Updates on the Subscription Proposal” of this announcement, the Company and the other parties under the Original Proposal and the First Revised Proposal, among others, reduced the size of the subscription proceeds under the Original Proposal and the First Revised Proposal in response to the Stock Exchange’s rulings. The proposed subscription proceeds under the Original Proposal was approximately HK\$5.9 billion, which was reduced to approximately HK\$1.4 billion under the First Revised Proposal and was further reduced to HK\$360 million under the current Share Subscription as amended by the Second Share Subscription Supplemental Agreement.

In view of the above, the Company has accordingly revised the funding requirements of the Group and the intended use of the proceeds from the Share Subscription. As revised, the net proceeds arising from the Share Subscription will primarily be used as set out below.

1. Development of finance leasing business

The Group intends to further develop its finance leasing business in the PRC through capital contributions or provision of shareholder loans to its indirect wholly-owned subsidiary, Rongjinda Finance Leasing in Qianhai, Shenzhen.

The Company believes that the finance leasing business will enter into stage of accelerated development under the current policy support from the PRC government. This has provided a good opportunity for the Group to focus on the development of its finance leasing business.

As set out in the Major Transaction Announcement, Rongjinda Finance Leasing entered into the following Finance Lease Agreements on 2 November 2015:

- (i) Finance Lease Agreement 1 entered into between Rongjinda Finance Leasing and Dishangtie, pursuant to which Rongjinda Finance Leasing conditionally agreed to purchase motor vehicles from Dishangtie at a total consideration of RMB600,000,000 (equivalent to approximately HK\$732,000,000), which motor vehicles will be leased back to Dishangtie for a term of 36 months; and
- (ii) Finance Lease Agreement 2 entered into between Rongjinda Finance Leasing and Huanggangbiaoqi, pursuant to which Rongjinda Finance Leasing conditionally agreed to purchase motor vehicles and car parts from Huanggangbiaoqi at a total consideration of RMB50,000,000 (equivalent to approximately HK\$61,000,000), which motor vehicles and car parts will be leased back to Huanggangbiaoqi for a term of 48 months.

Given the reduced proceeds from the Share Subscription as compared to that under the First Revised Proposal, the Company has entered into negotiations with each of Dishangtie and Huanggangbiaoqi to consider various options, including reducing the agreed transaction size and/or terminating the Finance Lease Agreements. Further announcement on the update of the Finance Lease Agreements will be made as and when appropriate.

It is expected that approximately HK\$90,000,000 or approximately 25% of the net proceeds from the Share Subscription will be used to fund the Finance Lease Agreements after the renegotiation of their terms.

2. Development of money lending business

By leveraging on the customer resources of the Share Subscribers and their respective parent groups in the PRC, the Group intends to develop its money lending business in Hong Kong rapidly. Given that there are stringent requirements of lending for traditional bank, non-banking licensed lending institutions have become better alternatives for potential borrowers to obtain efficient and flexible funding solutions. This is expected to increase the demand for lending services from finance companies, thereby creating tremendous business opportunities for the further expansion of the Group's money lending business.

As further set out in the Major Transaction Announcement, China Best Finance entered into the following Loan Agreements on 2 November 2015:

- (i) Loan Agreement 1 entered into between China Best Finance and Union Perfect, pursuant to which China Best Finance conditionally agreed to grant a loan in the principal amount of HK\$150,000,000 to Union Perfect; and
- (ii) Loan Agreement 2 entered into between China Best Finance and Anli Holdings, pursuant to which China Best Finance conditionally agreed to grant a loan in the principal amount of HK\$150,000,000 to Anli Holdings.

Given the reduced proceeds from the Share Subscription as compared to that under the First Revised Proposal, the Company has entered into negotiations with each of Union Perfect and Anli Holdings to consider various options, including reducing the agreed transaction size and/or terminating the Loan Agreements. Further announcement on the update of the Loan Agreements will be made as and when appropriate.

It is expected that HK\$40,000,000 or approximately 11% of the net proceeds from the Share Subscription will be used to fund the Loan Agreements after the renegotiation of their terms.

3. Carrying on of the securities, futures and asset management businesses

The Group intends to, during the first year after Completion, through acquisitions of licensed institutions or applications to the SFC for the respective licenses (if necessary), engage in regulated activities governed by the SFO, such as Type 1 regulated activities (dealing in securities), Type 2 regulated activities (dealing in futures contracts), Type 4 regulated activities (advising on securities), Type 5 regulated activities (advising on futures contracts), Type 6 regulated activities (advising on corporate finance), and Type 9 regulated activities (asset management).

As disclosed in the Major Transaction Announcement, Mr. Wong will enter into an option agreement with China Best Finance pursuant to which Mr. Wong will grant an option to China Best Finance entitling China Best Finance or a company within the Group designated by the Company to have the right (but not the obligation) to purchase not less than 60% of the issued shares of Anli Holdings for a consideration of not more than HK\$60,000,000 on the basis of the entire issued share capital of Anli Holdings within six months of the drawdown date of the loan. Anli Securities Limited, the main subsidiary of Anli Holdings, is principally engaged in securities trading and brokerage business in Hong Kong which is under the Type 1 regulated activities governed by the SFO.

It is expected that the Company may utilise up to approximately HK\$60,000,000 or 17% of the net proceeds from the Share Subscription to implement the above plan by exercising the abovementioned option or acquiring other suitable securities companies, futures companies and/or asset management companies.

4. Further establishment of an innovative, comprehensive financial holding platform

In the medium-to-long term, the Group intends to establish itself as an innovative comprehensive financial holding platform with leading service capabilities in Hong Kong and overseas. Through acquisitions and/or by applying for the relevant licenses in Hong Kong and/or overseas, the Group intends to develop an innovative financial business platform providing financial services such as internet financing, alternative asset management and private banking. In particular, the Group intends to leverage on the Share Subscribers' (and their respective parent groups') base of high net worth private clients of in the PRC and the Group's strategic location in Hong Kong to develop the Group's private banking business, attract high net worth private clients in Hong Kong and overseas, and to advise the Group's customers on the allocation of safe and quality financial products.

In this regard, on 29 October 2015, the Company signed an indication of interest with a pets health insurance company in Japan in relation to a possible subscription of shares amounting to 55% of the enlarged equity interest in such company at a consideration of approximately HK\$60,000,000. Subject to the entering into of any binding agreement, it is expected that approximately HK\$60,000,000 or 17% of the net proceeds from the Share Subscription may be utilised for this potential subscription.

5. Development of trading business

The Group intends to further develop and enhance its trading business as one of its principal businesses as it will provide stable income to the Group and balance the risk and return factors when the Group is developing financial service business. The Group is currently in negotiation with a renowned trading agent in the PRC that is specialised in export business of fishmeal. It is expected that approximately HK\$80,000,000 or 23% of the net proceeds from the Share Subscription may be used to fund the expansion of trading business.

6. General working capital purposes

As general working capital of the Group, it is expected that approximately HK\$26,000,000 or 7% of the net proceeds from the Share Subscription will be utilised for the implementation of the Group's plans including but not limited to (1) the commencement of marketing and promotion activities to promote the Group's services and branding through different media to build the investing public's awareness of the Group and its businesses in Hong Kong, so as to expand the customer base of the Group, and (2) the recruiting of professional personnel to expand the Group's management and operation team.

Based on the latest revised funding needs of the Company for the next 12 months taking into account the adjustments to the terms of the First Revised Proposal, the expected adjustments to the transaction size of the Loan Agreements and the Finance Lease Agreements after the renegotiation of their respective terms, the situation known to the Company and the current market conditions, the Company is of the view that the proceeds from the Share Subscription is sufficient to satisfy the Company's expected funding needs. In arriving at the aforesaid view, it is assumed (i) that there would be no material change in the existing government policies or political, legal, fiscal, market or economic conditions in the PRC, Hong Kong and other countries in which the Group operates, and (ii) the Group's operations and business would not be materially affected or interrupted by any force majeure events or unforeseeable factors or any unfavourable factors that are beyond the control of the Board, including but not limited to the occurrence of natural disasters, labour disputes, significant lawsuit and arbitration. The Board will continue to identify suitable business and investment opportunities that it considers beneficial to the Company and the Shareholders as a whole and will consider further fund raising activities in the future which shall include but not limited to debt or equity financing and/or bank borrowings.

Further information will be provided in the circular to be despatched to the Shareholders in accordance with the Listing Rules in relation to the Share Subscription.

SPECIFIC MANDATE

The Company will seek the Specific Mandate from the Shareholders at the SGM for the allotment and issue of the Subscription Shares.

APPLICATION FOR LISTING

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

FUND RAISING ACTIVITIES DURING THE PAST 12 MONTHS

Save as disclosed below, the Company has not conducted any other equity fund raising exercises in the past 12 months before the date of this announcement.

Date of announcement	Event	Net proceeds	Intended use of net proceeds at that time	Actual use of proceeds
10 November 2014	Open offer on the basis of one offer share for every two existing shares held on the record date at the subscription price of HK\$0.15 per share of the Company, representing a discount of approximately 39.76% to the closing price of HK\$0.249 per share as quoted on the Stock Exchange as at the date of the underwriting agreement	Approximately HK\$211.67 million	For capital injection into the WFOE for the purpose of establishing a finance leasing business in the PRC.	(i) HK\$101.42 million was utilised for capital injection into the WFOE as intended; and (ii) HK\$110.25 million was utilised 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.

Date of announcement	Event	Net proceeds	Intended use of net proceeds at that time	Actual use of proceeds
12 June 2015	Placing of 875,380,000 new shares under general mandate at the placing price of HK\$0.25 per share of the Company, representing 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	Approximately HK\$213 million	<p>(a) For further capital injection of approximately HK\$131 million into the WFOE for the purpose of establishing a finance leasing business in the PRC; and</p> <p>(b) approximately HK\$82 million to be utilised for investment opportunities that may arise and/or general working capital.</p>	<p>(i) approximately HK\$131 million was utilised for capital injection into the WFOE as intended;</p> <p>(ii) approximately HK\$75 million was utilised for general working capital as intended; and</p> <p>(iii) the remaining of approximately HK\$7 million remained unused and will be used as intended.</p>

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 5,264,566,267 Shares in issue and outstanding options with the rights to subscribe for 49,145,426 Shares and 427,656,120 Shares respectively granted under the Share Option Scheme 2002 and the Share Option Scheme 2012.

Save as described above, the Company does not have any other outstanding convertible securities, options, warrants or other derivatives in issue which are convertible or exchangeable into Shares as at the date of this announcement. Assuming that no Shares will be issued by the Company other than the Subscription Shares, the shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately after the issue of the Subscription Shares are as follows:

Shareholders of the Company	As at the date of this announcement		Immediately after the issue of the Subscription Shares ^(Note 2)	
	Shares	% (approx.)	Shares	% (approx.)
Share Subscribers				
Silver Venus	–	–	1,600,000,000	22.03
Aquila Global	–	–	200,000,000	2.75
Sungi Global	–	–	200,000,000	2.75
<i>Sub-total</i>	–	–	2,000,000,000	27.53
Public Shareholders				
China Bosum ^(Note 1)	500,000,000	9.50	500,000,000	6.88
Other existing public Shareholders	4,764,566,267	90.50	4,764,566,267	65.59
<i>Sub-total</i>	5,264,566,267	100.00	5,264,566,267	72.47
Total	5,264,566,267	100.00	7,264,566,267	100.00

Note 1: China Bosum is owned as to 51% by Mr. Lai Aizhong and 49% by Ms. Wen Ting respectively. Hence, both Mr. Lai Aizhong and Ms. Wen Ting are deemed to be interested in all the shares held by China Bosum under Part XV of the SFO.

Note 2: Assuming that the Share Subscribers do not purchase any Share from the date of this announcement up to the Completion Date.

SGM

The SGM will be held to consider, and if thought fit, pass the ordinary resolutions to approve, among other things, (i) the Share Subscription Agreement and the transactions contemplated thereunder, and (ii) the granting of the Specific Mandate.

Only Shareholders who do not have a material interest or who are not involved in or interested in the Share Subscription can vote on the aforesaid resolutions at the SGM. As such, China Bosum (being a party to the Share Subscription Agreement) and its associates, who are interested in 500,000,000 Shares as at the date of this announcement, will abstain from voting on the aforesaid resolutions at the SGM. Save for China Bosum, there is no other Shareholder who has a material interest or who is involved in or interested in the Share Subscription, and thereby required to abstain from voting on the relevant resolutions at the SGM.

GENERAL

A circular containing, among other things, (i) further details of the Share Subscription, and (ii) a notice convening the SGM and a form of proxy are expected to be despatched to the Shareholders on or before 31 December 2015.

Completion is subject to the fulfilment (or waiver, if applicable) of the conditions precedent in the Share Subscription Agreement. As the Share Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares or any other securities of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 11 August 2015 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 10 December 2015.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Anli Holdings”	Anli Holdings Limited, a company incorporated in Hong Kong with limited liability
“Aquila Global”	Aquila Global Investment Ltd, a company incorporated in the British Virgin Islands with limited liability

“Board”	the board of Directors
“CCBI”	CCB International Capital Limited, the financial advisor to Silver Venus in relation to the Share Subscription
“China Best Finance”	China Best Finance Limited, an indirect wholly-owned subsidiary of the Company and a licensed money lender in Hong Kong under the Money Lenders Ordinance
“China Best Finance Acquisition Agreement”	an acquisition agreement entered into between an individual (as seller) and Yongjia Investments (as buyer) on 15 April 2015 in relation to the acquisition by Yongjia Investments of all the shares in Advance Moon Limited (昇月有限公司) (subsequently renamed as the current name for China Best Finance) held by this individual, who is, to the best knowledge of the Directors, an Independent Third Party and is not related to any of the Share Subscribers
“China Bosum”	China Bosum Asset Management Limited, a company incorporated in Vanuatu with limited liability, and an Shareholder holding approximately 9.50% of the issued Shares as at the date of this announcement and the single largest Shareholder recorded in the register kept by the Company pursuant to Section 336 of the SFO, which is held as to 51% by Mr. Lai Aizhong and 49% by Ms. Wen Ting
“Company”	China Best Group Holding Limited, a company incorporated in Bermuda and the Shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the Share Subscription in accordance with the terms of the Share Subscription Agreement
“Completion Date”	the day on which Completion takes place
“Director(s)”	director(s) of the Company

“Dishangtie”	地上鐵租車（深圳）有限公司(Dishangtie Zuche (Shenzhen) Co., Ltd)*, a company incorporated under the laws of the PRC
“Finance Lease Agreement 1”	the finance lease agreement entered into between Rongjinda Finance Leasing and Dishangtie dated 2 November 2015
“Finance Lease Agreement 2”	the finance lease agreement entered into between Rongjinda Finance Leasing and Huanggangbiaoqi dated 2 November 2015
“Finance Lease Agreements”	the Finance Lease Agreement 1 and the Finance Lease Agreement 2
“First Revised Proposal”	the revised subscription proposal involving the subscription of Shares in the aggregate subscription amount of approximately HK\$1.4 billion
“First Share Subscription Supplemental Agreement”	the supplemental agreement to the Share Subscription Agreement dated 26 October 2015 entered into between the Company, the Share Subscribers and the Warrantors in connection with the First Revised Proposal
“Group” or “Group Companies”	the Company and its subsidiaries from time to time
“Happy-Silicon”	Happy-Silicon CB1, is an exempted segregated portfolio company incorporated in the Cayman Islands with limited liability
“HK\$” or “HK dollar”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Huanggangbiaoqi”	黃岡標旗運輸有限公司(Huanggangbiaoqi Yunshu Company Limited)*, a company incorporated under the laws of the PRC
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Last Trading Day”	10 August 2015, being the last trading day immediately prior to the date of the Share Subscription Agreement
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing approval
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement 1”	the loan agreement dated 2 November 2015 entered into between China Best Finance as lender, Union Perfect as borrower and Mr. Jian Yinghai (翦英海) as guarantor in relation to the loan in the principal amount of HK\$150,000,000
“Loan Agreement 2”	the loan agreement dated 2 November 2015 entered into between China Best Finance as lender, Anli Holdings as borrower and Mr. Wong Wai Hong (黃偉康) as guarantor in relation to the loan in the principal amount of HK\$150,000,000
“Loan Agreements”	the Loan Agreement 1 and the Loan Agreement 2
“Major Transaction Announcement”	the Company’s announcement dated 2 November 2015 in relation to the Loan Agreements and the Finance Lease Agreements

“Material Adverse Effect”	any material adverse effect on the businesses, operations, assets, debts or financial conditions of the Group, other than as a result of the Share Subscription Agreement
“Money Lenders Ordinance”	Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)
“Original Proposal”	the original subscription proposal involving the subscription of Shares and convertible bonds of the Company in the aggregate subscription amount of approximately HK\$5.9 billion as contemplated in the Share Subscription Agreement dated 15 September 2015 (prior to the entering of the First Share Subscription Supplemental Agreement and the Second Share Subscription Supplemental Agreement) and the convertible bonds subscription agreements entered into on 15 September 2015
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Rongjinda Finance Leasing”	Rongjinda Finance Leasing Co., Ltd.* (融金達融資租賃有限公司), an indirect wholly-owned subsidiary of the Company
“Second Share Subscription Agreement”	the subscription agreement dated 26 October 2015 entered into between the Company and Happy-Silicon in connection with the proposed subscription of new Shares by Happy-Silicon under the First Revised Proposal
“Second Share Subscription Supplemental Agreement”	the second supplemental agreement to the Share Subscription Agreement dated 7 December 2015 entered into between the Company, the Share Subscribers and the Warrantors in connection with the Share Subscription

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to approve, among other things, (i) the Share Subscription Agreement and the transactions contemplated thereunder, and (ii) the granting of the Specific Mandate
“Share Option Scheme 2002”	the Company’s share option scheme adopted on 18 March 2002 and terminated on 17 March 2012
“Share Option Scheme 2012”	the Company’s share option scheme adopted on 22 May 2012
“Share Subscribers”	Silver Venus, Aquila Global and Sungi Global
“Share Subscription”	the subscription for the Subscription Shares by the Share Subscribers pursuant to the terms of the Share Subscription Agreement
“Share Subscription Agreement”	the subscription agreement dated 15 September 2015 entered into between the Company and the Share Subscribers in connection with the Share Subscription, as amended and supplemented by the First Share Subscription Supplemental Agreement and the Second Share Subscription Supplemental Agreement
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holders of Shares
“Silver Venus”	Silver Venus Investments Ltd., a company incorporated in the British Virgin Islands with limited liability

“Specific Mandate”	a specific mandate to be granted to the Directors in relation to the proposed allotment and issue of the Subscription Shares to be approved by the Shareholders at the SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.18 per Subscription Share under the Share Subscription Agreement
“Subscription Shares”	2,000,000,000, being the number of new Shares to be subscribed by the Share Subscribers at an aggregate consideration of HK\$360,000,000 at the Subscription Price
“Sungi Global”	Sungi Global Investment Co., Ltd, a company incorporated in the British Virgin Islands with limited liability
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“Union Perfect”	Union Perfect International Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
“US\$”	US dollar, the lawful currency of the United States of America
“Warrantors”	Mr. Li Yang (executive Director), Mr. Wang Jian (executive Director), China Bosum and Mr. Lai Aizhong
“Whitewash Waiver”	a waiver from the obligation of Silver Venus or the Share Subscribers to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by it under Rule 26 of the Takeovers Code as a result of the completion of subscription of the Shares under the First Revised Proposal
“WFOE”	Wholly Foreign-Owned Enterprise

“Yongjia Investments” Yongjia Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company

“%” per cent.

The figures in RMB and US\$ are converted into HK\$ at the rates of RMB1: HK\$1.22 and US\$1: HK\$7.75 throughout this announcement for indicative purpose only.

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

Hong Kong, 9 December 2015

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Share Subscribers) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the sole director of Silver Venus, namely, Ms. Liu Xi, and the sole director of Zhonghai Shengfeng (Beijing) Capital Management Co., Ltd. (中海晟豐(北京)資本管理有限公司), the ultimate parent company of Silver Venus, namely Ms. Li Yunxi, jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Company, Aquila Global and Sungi Global) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed by Silver Venus and parties acting in concert with it in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

As at the date of this announcement, the sole director of Aquila Global, namely, Mr. Sun Qingfeng, and the directors of Beijing Jingpeng Investment Management Co., Ltd. (北京京鵬投資管理有限公司), the ultimate parent company of Aquila Global, namely Ms. Li Wenjuan, Mr. Song Weimin, Ms. Song Gujia, Mr. Wang Runsheng and Mr. Yang Wenzhu, jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Company, Silver Venus and Sungi Global) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed by Aquila Global and parties acting in concert with it in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

As at the date of this announcement, the sole director of Sungi Global, namely, Mr. Chen Wei, and the directors of Zhongrong International Trust Co., Ltd (中融國際信託有限公司), the ultimate parent company of Sungi Global, namely Mr. Fan Tao, Mr. Yao Yuming, Mr. Zhang Dong, Mr. Zhang Xianjun, Mr. Li Hui, Mr. Li Huajie, jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Company, Silver Venus and Aquila Global) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed by Sungi Global and parties acting in concert with it in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*