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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)

SECOND SUPPLEMENTAL AGREEMENTS IN RELATION TO THE FINANCE LEASE AGREEMENTS AND THE CONSULTANCY AGREEMENTS

References are made to the announcement of China Best Group Holding Limited (the “**Company**”) dated 11 September 2015 and 22 March 2016 (the “**Prior Announcements**”). Capitalised terms used but not otherwise defined herein shall have the same meanings as that ascribed to them in the Prior Announcements.

THE FINANCE LEASE SECOND SUPPLEMENTAL AGREEMENTS

The Board wishes to announce that on 22 March 2018, Rongjinda Finance entered into:

- (a) a second supplemental agreement to Finance Lease Agreement 1 with Shenzhen Century;
- (b) a second supplemental agreement to Finance Lease Agreement 2 with Shenzhen Yuexin;
and
- (c) a second supplemental agreement to Finance Lease Agreement 3 with Heyuan Dongjiangyuan

(collectively, the “**Finance Lease Second Supplemental Agreements**”).

* *For identification purpose only*

Pursuant to the terms of the respective Amended Finance Lease Agreements, as further amended and supplemented by the respective Finance Lease Second Supplemental Agreements (as further amended, the “**Further Amended Finance Lease Agreements**”):

- (a) the respective terms of the finance lease arrangements between Rongjinda Finance and the respective Lessees under the Amended Finance Lease Agreements are extended from two (2) years to three (3) years, commencing from the respective dates of the Finance Lease Agreements;
- (b) the lease payment payable by Shenzhen Century to Rongjinda Finance shall be approximately RMB8,114,000 (equivalent to approximately HK\$9,737,000), being the principal lease cost of RMB7,000,000 (equivalent to approximately HK\$8,400,000) plus the aggregate interest of approximately RMB1,114,000 (after tax) (equivalent to approximately HK\$1,337,000), payable by 35 monthly instalments pursuant to the relevant Further Amended Finance Lease Agreement;
- (c) the lease payment payable by Shenzhen Yuexin to Rongjinda Finance shall be approximately RMB61,436,000 (equivalent to approximately HK\$73,723,000), being the principal lease cost of RMB53,000,000 (equivalent to approximately HK\$63,600,000), plus the aggregate interest of approximately RMB8,436,000 (after tax) (equivalent to approximately HK\$10,123,000), payable by 34 monthly instalments pursuant to the relevant Further Amended Finance Lease Agreement; and
- (d) the lease payment payable by Heyuan Dongjiangyuan to Rongjinda Finance shall be approximately RMB69,550,000 (equivalent to approximately HK\$83,460,000), being the principal lease cost of RMB60,000,000 (equivalent to approximately HK\$72,000,000), plus the aggregate interest of approximately RMB9,550,000 (after tax) (equivalent to approximately HK\$11,460,000), payable by 28 monthly instalments pursuant to the relevant Further Amended Finance Lease Agreement.

Save as disclosed above, the other key terms of the respective Amended Finance Lease Agreements as set out in the Prior Announcements remain unchanged. Shenzhen Zishengfa and Mr. Li shall also continue to act as guarantors in favour of Rongjinda Finance to secure the obligations of the Lessees under the respective Further Amended Finance Lease Agreements.

THE CONSULTANCY SECOND SUPPLEMENTAL AGREEMENTS

On 22 March 2018, Rongjinda Finance entered into:

- (a) a second supplemental agreement to Consultancy Agreement 1 with Shenzhen Century;
- (b) a second supplemental agreement to Consultancy Agreement 2 with Shenzhen Yuexin;
and
- (c) a second supplemental agreement to Consultancy Agreement 3 with Heyuan Dongjiangyuan

(collectively the “**Consultancy Second Supplemental Agreements**”).

Pursuant to the terms of the respective Amended Consultancy Agreements, as further amended and supplemented by the respective Consultancy Second Supplemental Agreements (as further amended, the “**Further Amended Consultancy Agreements**”):

- (a) the respective terms of the finance consultancy services provided by Rongjinda Finance to the respective Lessees are extended from one (1) year to three (3) years, commencing from the respective dates of the Consultancy Agreements; and
- (b) the aggregate service fees payable by Shenzhen Century, Shenzhen Yuexin and Heyuan Dongjiangyuan (after tax) for the provision of the finance consultancy services by Rongjinda Finance shall be increased from approximately RMB2,377,000, RMB18,000,000 and RMB20,377,000 respectively (equivalent to approximately HK\$2,852,000, HK\$21,600,000 and HK\$24,452,000 respectively) to approximately RMB3,566,000, RMB27,000,000 and RMB30,566,000 respectively (equivalent to approximately HK\$4,279,000, HK\$32,400,000 and HK\$36,679,000 respectively), payable by 35, 34 and 28 monthly instalments pursuant to the respective Further Amended Consultancy Agreements.

Save as disclosed above, the other key terms of the respective Amended Consultancy Agreements as set out in the Prior Announcements remain unchanged.

REASONS AND BENEFITS FOR THE FINANCE LEASE SECOND SUPPLEMENTAL AGREEMENTS AND THE CONSULTANCY SECOND SUPPLEMENTAL AGREEMENTS

The terms of the Finance Lease Second Supplemental Agreements and the Consultancy Second Supplemental Agreements were determined after arm's length negotiations between Rongjinda Finance and the respective Lessees with reference to, among others, the prevailing market terms and practices.

The Directors consider that the entering into of the Finance Lease Second Supplemental Agreements and the Consultancy Second Supplemental Agreements is in the ordinary and usual course of business of Rongjinda Finance that will generate additional revenue and profit to the Group over the extended lease periods. In considering the extension application by the Lessees, the Directors have evaluated the business relationship with the Lessees in the past two years, the recent financial position of the Lessees and the Lessees' capital needs for their respective existing business projects in the PRC. Since the Finance Lease Second Supplemental Agreements and the Consultancy Second Supplemental Agreements were entered into under normal commercial terms, the Directors are of the view that the terms of these agreements are fair and reasonable and are in the interest of the Company and Shareholders as a whole.

To the best of Directors' knowledge, information and belief having made all reasonable enquiries, each of the Lessees, Shenzhen Zishengfa and Mr. Li are Independent Third Parties as at the date of this announcement.

The transactions contemplated under the Further Amended Finance Lease Agreements and the Further Amended Consultancy Agreements, when aggregated, continue to constitute a discloseable transaction for the Company.

For the purpose of this announcement, the exchange rates at RMB1.00 = HK\$1.20 has been used, where applicable, for the purpose of illustration only.

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

Hong Kong, 22 March 2018

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Li Yang, Mr. Liu Wei, Mr. Chen Wei, and Mr. Fan Jie, and three independent non-executive Directors, namely, Mr. Liu Haiping, Mr. Liu Tonghui and Mr. Ru Xiang.