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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 THE GENERAL MANDATE**

Placing Agent



KINGSTON SECURITIES

On 31 August 2018 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 1,452,000,000 Placing Shares at the Placing Price of HK\$0.101 per Placing Share to not less than six Placees who shall be Independent Third Parties. The Placing Shares will be allotted and issued pursuant to the General Mandate.

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$146.65 million and approximately HK\$143.27 million respectively.

* For identification purpose only

The Company intends to utilize the net proceeds of the Placing as to (i) approximately 90% for financing the future potential investment opportunities (including but not limited to potential investment in the management business of boutique hotels as disclosed in the announcement of the Company dated 15 August 2018 and the cooperation in business relating to the development of new energy vehicles special towns in the PRC as disclosed in the announcement of the Company dated 21 August 2018); and (ii) approximately 10% for enhancing the general working capital of the Group.

Given that Completion is subject to the fulfilment and/or waiver (as the case may be) of the conditions set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

THE PLACING AGREEMENT

Date

31 August 2018 (after trading hours)

Parties

Issuer : the Company

Placing Agent : Kingston Securities Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Placing

The Placing Agent conditionally agreed to place, or procure the placing of, up to 1,452,000,000 Placing Shares at the Placing Price of HK\$0.101 per Placing Share on a best efforts basis during the period commencing on the date of the Placing Agreement and ending on the Long Stop Date.

Number of Placing Shares

Assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Completion Date save for the allotment and issue of the Placing Shares, the maximum number of 1,452,000,000 Placing Shares represents (i) approximately 16.66% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 14.28% of the issued share capital of the Company as enlarged by such Placing Shares. The aggregate nominal value of such maximum Placing Shares will be HK\$72.6 million.

Placees

The Placing Shares are expected to be placed to not less than six Placees, who and whose ultimate beneficial owners shall be Independent Third Parties.

Placing Price

The Placing Price of HK\$0.101 per Placing Share represents:

- (a) a discount of approximately 15.83% to the closing price of HK\$0.12 per Share as quoted on the Stock Exchange as at the date of the Placing Agreement; and
- (b) a discount of approximately 15.83% to the average closing price of approximately HK\$0.12 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The net price of each Placing Share (after deducting the placing commission and other related expenses and professional fees) will be approximately HK\$0.099.

The Placing Price was determined on an arm's length basis between the Company and the Placing Agent and with reference to, amongst other things, the prevailing market price of the Shares. The Directors consider that the Placing Price is fair and reasonable based on the current market conditions and is in the best interests of the Company and the Shareholders as a whole.

Placing Commission

The Placing Agent shall receive a placing commission of 2% of the aggregate amount equal to the Placing Price multiplied by the actual number of Placing Shares being placed.

The placing commission was determined after arm's length negotiation between the Placing Agent and the Company with reference to the commission charged for similar transactions in the market. The Directors consider that the terms of the Placing, including the placing commission, are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

Placing Shares

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM held on 1 June 2018 pursuant to which the Directors were authorised to allot and issue up to 1,452,913,253 Shares, representing 20% of the total issued share capital of the Company as at 1 June 2018. As at the date of this announcement, the Company has not utilised any part of the General Mandate and the maximum of 1,452,000,000 Placing Shares under the Placing Agreement represents approximately 99.94% of the General Mandate.

The allotment and issue of the Placing Shares will not be subject to Shareholders' approval.

Ranking of Placing Shares

The Placing Shares under the Placing, when fully paid, will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Application for listing

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

Conditions precedent

Completion is conditional upon:

- (i) the Listing Committee of the Stock Exchange having granted the approval of the listing of, and permission to deal in the Placing Shares; and
- (ii) the obligations of the Placing Agent under the Placing Agreement having become unconditional and not having been terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure event.

If the above conditions are not satisfied and/or waived (other than condition (i) above, which cannot be waived) in whole or in part by the Placing Agent on or before 5:00 p.m. on the Long Stop Date, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties under the Placing Agreement will forthwith cease and determine and no party will have any claim against the other (save for any antecedent breaches).

Completion

Completion will take place on the fourth Business Day after the fulfilment of the condition as set out in the paragraph (i) in the section headed “Conditions precedent” above or such other date to be agreed between the Company and the Placing Agent in writing.

Termination of the Placing Agreement

Pursuant to the terms of the Placing Agreement, the Placing Agent is entitled to terminate the arrangements set out in the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in its absolute opinion, the success of the Placing would be materially and adversely affected by any of the following force majeure events:

- (i) 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 similar 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

- (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 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 similar 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 (inclusive of any pandemics or epidemics) 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 materially and adversely prejudices the success of the Placing or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction of trading in securities on the Stock Exchange) occurs which materially and adversely affects the success of the Placing or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing.

Pursuant to the Placing Agreement, if, at or prior to 9:00 a.m. on the Completion Date,

- (i) the Company commits any material breach of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (ii) 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 any announcement(s) relating to the Placing; or
- (iii) the Placing Agent shall become aware of the fact that any of the representations or warranties given by the Company contained in the Placing Agreement was, when given, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate if repeated at Completion and 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 further obligations under the Placing Agreement.

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

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in (i) trading of fuel oil, electronic devices and other commodities; (ii) the finance leasing business; (iii) the money lending business; (iv) the brokerage business; (v) international air and sea freight forwarding and the provision of logistics services; and (vi) trading of securities.

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$146.65 million and approximately HK\$143.27 million respectively.

The Company intends to utilize the net proceeds of the Placing as to (i) approximately 90% for financing the future potential investment opportunities (including but not limited to potential investment in the management business of boutique hotels as disclosed in the announcement of the Company dated 15 August 2018 and the cooperation in business relating to the development of new energy vehicles special towns in the PRC as disclosed in the announcement of the Company dated 21 August 2018; and (ii) approximately 10% for enhancing the general working capital of the Group.

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 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 ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

Date of the initial announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
30 May 2018	Placing of new Shares under general mandate	Approximately HK\$99 million	For developing the money lending business of the Group and/or enhancing its general working capital	To be utilised as intended

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

SHAREHOLDING STRUCTURE OF THE COMPANY UPON COMPLETION

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming that the maximum number of Placing Shares are fully placed and there is no change in the share capital of the Company from the date of this announcement up to the Completion Date save for the allotment and issue of the Placing Shares) are set out below:

	As of the date of this announcement		Immediately upon Completion	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Shareholders				
Silver Venus (<i>Note</i>)	1,600,000,000	18.36	1,600,000,000	15.73
Aquila Global (<i>Note</i>)	195,420,000	2.24	195,420,000	1.92
Placees	–	–	1,452,000,000	14.28
Other public Shareholders	6,921,146,267	79.40	6,921,146,267	68.07
Total	<u>8,716,566,267</u>	<u>100.00</u>	<u>10,168,566,267</u>	<u>100.00</u>

Note:

According to the register kept by the Company pursuant to Section 336 of the SFO, 1,600,000,000 Shares and 195,420,000 Shares are held by Silver Venus Investments Ltd. (“Silver Venus”) and Aquila Global Investment Ltd (“Aquila Global”) respectively. Silver Venus is wholly owned by 上海熾信投資有限公司 (Shanghai Chixin Investment Co., Ltd*), which is in turn wholly owned by 中植企業集團有限公司 (Zhongzhi Enterprise Group Co., Ltd*). Aquila Global is wholly owned by 雲霧(上海)投資中心(有限合夥) (Yunji (Shanghai) Investment Center (Limited Partnership)*), a limited partnership registered under the laws of the PRC, of which 北京京鵬投資管理有限公司 (Beijing Jingpeng Investment Management Co., Ltd.*) is the general partner and has 99% of the voting power. 北京京鵬投資管理有限公司 (Beijing Jingpeng Investment Management Co., Ltd.*) is owned as to 40.50% by 岩能資本管理有限公司 (Yanneng Capital Management Co., Ltd*). 岩能資本管理有限公司 (Yanneng Capital Management Co., Ltd.*) is wholly owned by 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 (Zhongzhi Enterprise Group Co., Ltd*) is owned as to 76% by 中海晟豐(北京)資本管理有限公司 (Zhonghai Shengfeng (Beijing) Capital Management Co., Ltd*), which is in turn wholly owned by Mr. Xie Zhikun (解直錕先生). By virtue of the SFO, each of 上海熾信投資有限公司 (Shanghai Chixin Investment Co., Ltd*), 中植企業集團有限公司 (Zhongzhi Enterprise Group Co., Ltd*), 中海晟豐(北京)資本管理有限公司 (Zhonghai Shengfeng (Beijing) Capital Management Co., Ltd.*) and Mr. Xie Zhikun (解直錕先生) is deemed to be interested in all the Shares beneficially held by Silver Venus, and, each of 雲霧(上海)投資中心(有限合夥) (Yunji (Shanghai) Investment Center (Limited Partnership)*), 北京京鵬投資管理有限公司 (Beijing Jingpeng Investment Management Co., Ltd*), 岩能資本管理有限公司 (Yanneng Capital Management Co., Ltd*), 中植企業集團有限公司 (Zhongzhi Enterprise Group Co., Ltd*), 中海晟豐(北京)資本管理有限公司 (Zhonghai Shengfeng (Beijing) Capital Management Co., Ltd.*) and Mr. Xie Zhikun (解直錕先生) is deemed to be interested in all the Shares beneficially held by Aquila Global.

Given that Completion is subject to the fulfilment and/or waiver (as the case may be) of the conditions set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“AGM”	the annual general meeting of the Company held on 1 June 2018
“Board”	the board of Directors
“Business Day(s)”	day(s) (excluding Saturdays, Sundays and public holidays) on which licensed banks are open for business in Hong Kong
“Company”	China Best Group Holding Limited, a company incorporated in Bermuda with limited liability, and the ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 370)
“Completion”	the completion of the Placing in accordance with the terms of the Placing Agreement
“Completion Date”	the fourth Business Day after the fulfilment of the condition as set out in the paragraph (i) in the section headed “Conditions precedent” in this announcement or such other date to be agreed between the Company and the Placing Agent in writing
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Board pursuant to the ordinary resolution passed by the Shareholders at the AGM to allot, issue and deal with Shares up to 20% of the then issued share capital of the Company (being 7,264,566,267 Shares) as at the date of passing such resolution which is equivalent to 1,452,913,253 Shares
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owners who, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	21 September 2018 or such later date as may be agreed between the Company and the Placing Agent in writing
“Placee(s)”	any independent professional, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing”	the placing of up to 1,452,000,000 Placing Shares on best efforts basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in Type 1 regulated activity (dealing in securities) under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 31 August 2018 in relation to the Placing
“Placing Price”	HK\$0.101 per Placing Share

“Placing Shares”	up to 1,452,000,000 new Shares to be placed pursuant to the Placing Agreement
“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 People’s Republic of China and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.05 each in the share capital of the Company (or of such other nominal amount as will result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
China Best Group Holding Limited
Mr. Liu Wei

Executive Director and Chief Executive Officer

Hong Kong, 31 August 2018

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Liu Wei, Mr. Chen Wei and Mr. Fan Jie, one non-executive Director, namely, Ms. Wang Yingqian, and three independent non-executive Directors, namely, Mr. Liu Haiping, Mr. Liu Tonghui and Mr. Ru Xiang.