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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)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO THE ACQUISITION OF THE ENTIRE  
ISSUED SHARE CAPITAL OF NOBLE REALM LIMITED  
AND THE RELATED SHAREHOLDER'S LOAN**

On 31 December 2018, after trading hours, the Purchaser and the Vendor entered into the Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire the Sale Share and the Vendor conditionally agreed to assign and the Purchaser conditionally agreed to assume all rights and benefits of the Sale Loan, at an aggregate consideration of HK\$135,000,000.

As one of the applicable percentage ratios (within the meaning of the Listing Rules) in respect of the Transaction is above 5% but less than 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

\* For identification purposes only

## **THE AGREEMENT**

The principal terms of the Agreement are set out below:

### **Date**

31 December 2018

### **Parties**

- (i) the Purchaser;
- (ii) the Vendor; and
- (iii) the Individual Guarantor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and the Individual Guarantor are Independent Third Parties.

### **Share Transfer**

Pursuant to the Agreement, the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell the Sale Share for a consideration of HK\$68,000,000, representing the entire issued share capital of the Target Company as at the date of the Agreement, free from all encumbrances.

### **Loan Assignment**

Pursuant to the Agreement, the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to assign all rights and benefits under the Sale Loan for a consideration of HK\$67,000,000.

## **Consideration**

The Consideration is HK\$135,000,000 and will be settled in cash in the following manner:

- (i) HK\$67,000,000 will be payable by the Purchaser or the Company to the Vendor or its designated party within three (3) Business Days upon entering into the Agreement, which will be applied as part of the Consideration upon Completion (the “**Refundable Deposit**”); and
- (ii) the remaining balance of the Consideration, being HK\$68,000,000, will be payable by the Purchaser or the Company to the Vendor or its designated party within three (3) Business Days after the Completion Date.

The Consideration was determined between the Purchaser and the Vendor after arm’s length negotiations with reference to, among other things, the consideration paid under the Properties Purchasing Agreements, the preliminary indicative fair value of approximately RMB120,000,000 of the Properties as evaluated by an independent valuer engaged by the Company. The Consideration will be funded by the Group’s internal resources including the net proceeds from the Company’s shares placing completed on 27 September 2018.

## **Guarantee**

Pursuant to the Agreement, the Individual Guarantor unconditionally and irrevocably guarantees to the Purchaser the Vendor’s compliance with the Vendor’s obligations in connection with the Agreement.

## **Conditions precedent of the Transaction**

Completion is subject to the satisfaction or the waiver (as the case may be) of the following:

- (a) the Purchaser having been satisfied with the results of the legal and financial due diligence of members of the Target Group and the Properties or other necessary due diligence as determined by the Purchaser;

- (b) the Vendor having obtained all necessary approval and consent, including (i) the approvals from its board of directors and/or shareholder which are necessary to be obtained for any of the transactions contemplated under the Agreement and the execution of any relevant documents and (ii) approvals for carrying out the Transaction under agreements where the Vendor or any company in the Target Group is a party;
- (c) the Purchaser having obtained all necessary approval and consent, including (i) the approvals from its board of directors and/or shareholder and the Board which are necessary to be obtained for any of the transactions contemplated under the Agreement and the execution of any relevant documents and (ii) approvals for carrying out the Transaction under agreements where the Purchaser is a party;
- (d) the fair value of the Properties being not less than RMB120,000,000, as evaluated by an independent valuer engaged by the Purchaser;
- (e) the warranties set out in the Agreement given by the Vendor being true, accurate and not misleading in all respects;
- (f) the Vendor having complied with and satisfied all of its obligations pursuant to the Agreement before the Completion Date;
- (g) the Vendor having obtained the amended Property Ownership Certificates\* (房屋所有權證) of the Properties reflecting that the property owner is Beijing WFOE and the usage of the Properties is for commercial use or the Purchaser determining that Beijing WFOE has in effect obtained the ownership of the Properties or irreversible ownership of the Properties and the usage of the Properties is for commercial use;
- (h) no applicable rules, regulations, restrictions or orders from any governmental or supervision authorities restricting, prohibiting or delaying the Transaction; and
- (i) no material adverse change (or affect) which would affects the Transaction.

Save for condition precedent (c) above, the Purchaser may at its absolute discretion waive the other conditions precedent under the Agreement.

In the event that any of the above conditions precedent is not fulfilled or waived on or before the Long Stop Date, the Agreement shall cease and terminate automatically, save for clauses and obligations with continuing effect under the Agreement.

If the Agreement is terminated by the above reason or terminated by reason caused by the Vendor or the Individual Guarantor, the Vendor and the Individual Guarantor shall, within one (1) Business Day upon termination, refund the Refundable Deposit to the Purchaser or its designated party.

### **Completion of the Transaction**

Completion is expected to take place within five (5) Business Days upon all the conditions precedent as set out in the paragraph headed “Conditions precedent of the Transaction” are fulfilled or waived by the Purchaser, or such other date as may be mutually agreed by the parties.

Upon Completion, each of the Target Company and its subsidiaries will become wholly-owned subsidiaries of the Company with their respective financial results consolidated into the financial results of the Group.

### **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Properties are located in a prime location in Beijing. The Group intends to lease the Properties, which could generate a diversified source of income for the Group. In addition, the Board considers that the Transaction is a sound investment which could provide potential capital appreciation opportunity to the Group and is also a good start for the Group to develop its property-related business.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Agreement are fair and reasonable and on normal commercial terms and are in the interests of the Company and its shareholders as a whole.

## INFORMATION OF THE TARGET GROUP

The Target Company is a limited liability company established in the British Virgin Islands, which is wholly-owned by the Vendor and it is an investment holding company.

Dawn King Limited is a limited liability company established in Hong Kong. It is a direct wholly-owned subsidiary of the Target Company, which is also an investment holding company.

Beijing WFOE is a limited liability company established in the PRC, which is wholly-owned by Dawn King Limited and has not commenced business since its incorporation. It has agreed to acquire and paid the total consideration for the Properties under the Properties Purchasing Agreements.

Set out below is a summary of certain unaudited consolidated financial information of the Target Group for the two years ended 31 December 2016 and 31 December 2017:

	<b>For the year ended 31 December 2016 (HK\$'000)</b>	<b>For the year ended 31 December 2017 (HK\$'000)</b>
Net loss before and after tax	24	31

The unaudited total assets of the Target Group as at 20 December 2018 equaled its total liabilities (without taking into account the fair value of the Properties) were approximately HK\$68,742,000.

## **INFORMATION OF THE GROUP**

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.

The Purchaser is a limited liability company established in the British Virgin Islands, which is wholly-owned by the Company and it is an investment holding company.

## **INFORMATION OF THE VENDOR**

The Vendor is a limited liability company established in the British Virgin Islands, which is wholly-owned by the Individual Guarantor and it is an investment holding company. As at the date of the Agreement, the Vendor is the legal and beneficial owner of the entire issued share capital of the Target Company.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios (within the meaning of the Listing Rules) in respect of the Transaction is above 5% but less than 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, the following terms shall have the following meanings unless the context otherwise requires:

“Agreement”	the share transfer and loan assignment agreement dated 31 December 2018 entered into by and among the Purchaser, the Vendor and the Individual Guarantor in relation to the transfer of the Sale Share and the assignment of the Sale Loan
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“Beijing WFOE”	a Beijing-based limited liability company established in the PRC, which is an indirect wholly-owned subsidiary of the Target Company
“Board”	the board of Directors of the Company
“Business Day(s)”	a day other than a Saturday, Sunday or public holiday on which commercial banks are open for business in Hong Kong
“Company”	China Best Group Holding Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Transaction
“Completion Date”	the date on which Completion takes place
“Consideration”	the total consideration of HK\$135,000,000 to be paid by the Purchaser pursuant to the Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and are not connected persons (as defined under the Listing Rules) of the Company



“Individual Guarantor”	Ms. Yeung, who is the legal and beneficial owner of the Vendor
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	28 February 2019 or such other date as the parties may otherwise agree in writing
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Properties”	ten properties with approximately 3,200 sq m. at the first floor of a building situated at No. 1 Dongfang Dong Road, Chaoyang District, Beijing, readily available for using or leasing
“Properties Purchasing Agreements”	the properties purchasing agreements entered into between Beijing WFOE, as purchaser, and a Beijing-based property development company, an Independent Third Party, as vendor, for purchasing the Properties
“Purchaser”	Esteem Sun Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Loan”	the interest free shareholder’s loan in the amount of RMB58,300,000 (equivalent to approximately HK\$67,000,000) provided by the Vendor via its designated party to Beijing WFOE
“Sale Share”	one (1) issued share of the Target Company, representing the entire issued share capital of the Target Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company ”	Noble Realm Limited ( 貴域有限公司 ), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Vendor
“Target Group”	the Target Company, Dawn King Limited and Beijing WFOE
“Transaction”	the transaction in relation to the transfer of the Sale Share and the assignment of the Sale Loan pursuant to the terms and conditions of the Agreement
“Vendor”	Lucent Time Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by the Individual Guarantor
“%”	per cent.

\* *The unofficial English translations or transliterations are for identification purposes only.*

*The figures in RMB are converted into HK\$ at the rate of RMB1: HK\$1.15 throughout this announcement for indicative purpose only.*

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

*Executive Director and Chief Executive Officer*

Hong Kong, 31 December 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 Xiangnan.*