
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Best Group Holding Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other registered dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**(I) MAJOR TRANSACTION – LOAN AGREEMENT AND
FINANCE LEASE AGREEMENT
(II) NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the SGM of the Company to be held at 26/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong on Wednesday, 17 February 2016 at 11 a.m. or any adjournment thereof is set out on pages 31 to 33 of this circular.

Whether or not you are able to attend the SGM or any adjourned meeting, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the same as soon as practicable to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjourned meeting. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cbgroup.com.hk). Completion and the delivery of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting should you so wish.

25 January 2016

* For identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Anli Holdings”	Anli Holdings Limited, a company incorporated in Hong Kong with limited liability
“Anli Securities”	Anli Securities Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of Anli Holdings as at the Latest Practicable Date
“Anli Supplemental Agreement”	the supplemental agreement entered into between China Best Finance, Anli Holdings and Mr. Wong dated 16 December 2015 to amend the terms of the Original Loan Agreement
“Board”	the board of Directors
“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
“Company”	China Best Group Holding Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Dishangtie”	地上鐵租車(深圳)有限公司 (Dishangtie Zuche (Shenzhen) Company Limited*), a company incorporated under the laws of the PRC
“Dishangtie Supplemental Agreement”	the supplemental agreement entered into between Rongjinda Finance and Dishangtie dated 16 December 2015 to amend the terms of the Original Finance Lease Agreement
“Finance Lease Agreement”	the Original Finance Lease Agreement as supplemented and amended by the Dishangtie Supplemental Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Part(y)(ies)”	part(y)(ies) independent of the Company and its connected persons
“Latest Practicable Date”	22 January 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Leased Assets”	motor vehicles, being the subject matter of the Finance Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan to be granted by China Best Finance to Anli Holdings pursuant to the Loan Agreement
“Loan Agreement”	the Original Loan Agreement as supplemented and amended by the Anli Supplemental Agreement
“Money Lenders Ordinance”	Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)
“Mr. Chen”	Chen Songwen (陳松文), the owner of 50% of the issued share capital of Anli Holdings as at the Latest Practicable Date
“Mr. Wong”	Wong Wai Hong (黃偉康), the guarantor guaranteeing the obligations of Anli Holdings under the Loan Agreement and who holds 50% of the issued share capital of Anli Holdings as at the Latest Practicable Date
“Original Finance Lease Agreement”	the finance lease agreement entered into between Rongjinda Finance and Dishangtie dated 2 November 2015
“Original Loan Agreement”	the loan agreement dated 2 November 2015 entered into between China Best Finance as lender, Anli Holdings as borrower and Mr. Wong as guarantor in relation to the provision of the Loan
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

DEFINITIONS

“Restructuring”	a restructuring exercise following which Anli Holdings, which is held as to 50% by Mr. Wong and 50% by Mr. Chen as at the Latest Practicable Date, will be held as to 100% by Mr. Wong
“RMB”	Renminbi, the lawful currency of the PRC
“Rongjinda Finance”	融金達融資租賃有限公司(Rongjinda Finance Leasing Limited*), a wholly foreign-owned enterprise in the PRC and wholly-owned by Jet-Air (H.K.) Limited, an indirect wholly-owned subsidiary of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened to consider and, if thought fit, approve the Loan Agreement, the Finance Lease Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholders”	holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the share subscription agreement dated 15 September 2015 by and among Silver Venus Investments Ltd., Aquila Global Investment Ltd, Sungi Global Investment Co., Ltd, the Company, Mr. Li Yang, Mr. Wang Jian, China Bosum Asset Management Limited and Mr. Lai Aizhong in relation to the subscription of new Shares (as supplemented and amended by an agreement dated 26 October 2015 and an agreement dated 7 December 2015), details of which are set out in the Company’s announcements dated 11 August 2015, 18 September 2015, 27 October 2015 and 9 December 2015
“US\$”	US dollar, the lawful currency of the United States of America
“%”	per cent.

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

The figures in RMB and US\$ are converted into HK\$ at the rates of RMB1: HK\$1.20 and US\$1:HK\$7.75 respectively throughout this circular for indicative purpose only.

LETTER FROM THE BOARD



CHINA BEST GROUP HOLDING LIMITED

國華集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 370)

Executive Directors:

Mr. Tan Xiangdong (*Chairman*)

Mr. Li Yang (*Deputy Chairman*)

Mr. Wang Jian

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent Non-Executive Directors:

Mr. Chan Fong Kong Francis

Mr. Chen Zhenguo

Mr. Li Yu

*Head office and principal place of
business in Hong Kong:*

26/F, World-Wide House

19 Des Voeux Road Central

Central, Hong Kong

25 January 2016

To the Shareholders

Dear Sir or Madam,

**(I) MAJOR TRANSACTION – LOAN AGREEMENT AND
FINANCE LEASE AGREEMENT
(II) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

References are made to the announcement of the Company dated 2 November 2015 in relation to, among other things, the Original Loan Agreement and the Original Finance Lease Agreement, the announcement of the Company dated 23 November 2015 in relation to a delay in despatch of circular and the announcement of the Company dated 16 December 2015 in relation to, among other things, the entering into of the Anli Supplemental Agreement and the Dishangtie Supplemental Agreement.

* For identification purpose only

LETTER FROM THE BOARD

On 2 November 2015, China Best Finance and Rongjinda Finance, which are indirect wholly-owned subsidiaries of the Company, entered into the Original Loan Agreement and the Original Finance Lease Agreement with two Independent Third Parties respectively. On 16 December 2015, China Best Finance and Rongjinda Finance entered into the Anli Supplemental Agreement and the Dishangtie Supplemental Agreement respectively to amend the terms of the Original Loan Agreement and the Original Finance Lease Agreement respectively. The Loan Agreement and the Finance Lease Agreement, in aggregate, constitute a major transaction on the part of the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with further details in relation to, *inter alia*, the Loan Agreement and the Finance Lease Agreement, a notice of the SGM, and other information as required under the Listing Rules.

LOAN AGREEMENT

The principal terms of the Loan Agreement are summarised as follows:

Date:	2 November 2015 (Original Loan Agreement) 16 December 2015 (Anli Supplemental Agreement)
Lender:	China Best Finance
Borrower:	Anli Holdings
Guarantor:	Mr. Wong (as at the Latest Practicable Date, Mr. Wong holds 50% of the issued share capital of Anli Holdings. Following the Restructuring, Anli Holdings will be held as to 100% by Mr. Wong)

Mr. Wong is the chairman and chief executive officer of Anli Holdings. He has over 10 years of experience in the financial industry of Hong Kong and had previously worked in a few other securities firms in Hong Kong. He spoke as guest lecturer at tertiary courses and wrote in the financial columns of Hong Kong newspapers and magazines.

As at the Latest Practicable Date, the other 50% of Anli Holdings is held by Mr. Chen, a merchant and an investor. He is an experienced market practitioner in the financial industry of Hong Kong.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Restructuring has not been completed. It is expected that Mr. Wong and Mr. Chen will proceed to complete the Restructuring after the Loan Agreement and the transactions contemplated thereunder have been approved at the SGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Anli Holdings and its ultimate beneficial owners are Independent Third Parties and do not have any relationship with any of the subscribers under the Subscription Agreement.

Principal amount: HK\$40,000,000

Conditions precedent: The provision of the Loan by China Best Finance is conditional upon:

- (1) completion of the Subscription Agreement;
- (2) the Loan Agreement and the transactions contemplated thereunder being approved by the Company's board of directors' meeting and/or shareholders' meeting in accordance with the Listing Rules (if necessary); and
- (3) completion of the capital injection or provision of shareholder's loan by the Group to China Best Finance of not less than HK\$40,000,000.

Condition (1) above is waivable at the absolute discretion of China Best Finance.

As at the Latest Practicable Date, save for the Board's approval of the Loan Agreement and the transactions contemplated thereunder set out in condition (2) above, none of the conditions above has been fulfilled (or if applicable, waived).

No specific long stop date with respect to the fulfillment (or if applicable, waiver) of the conditions above has been stipulated in the Loan Agreement.

Purpose of the Loan: Anli Holdings shall use the loan proceeds for the purposes of developing the margin business of Anli Securities.

LETTER FROM THE BOARD

- Maturity date: 18 months after drawdown.
- Repayment: Anli Holdings shall repay the outstanding amount of the Loan in full and the unpaid interest accrued thereon 18 months after drawdown or on demand by China Best Finance upon occurrence of an event of default (see the paragraph headed “Events of default” below), whichever occurs first.
- Early repayment: Each of China Best Finance and Anli Holdings may request early repayment of part or all of the Loan after drawdown provided that 90 days’ written notice is given to the other party.
- Interest: Interest shall accrue at the aggregate of (i) the fixed rate of 8% per annum payable semi-annually and (ii) the Floating Rate (as defined below) payable at the maturity date or the date of repayment of the principal amount in full. The floating rate applies when Anli Securities provides a loan to third parties at a rate of more than 8% per annum (the difference in excess of 8% being the “**Excess**”). In this case China Best Finance is entitled to additional interest at the rate of 30% of the Excess (the “**Floating Rate**”).
- Two persons designated by the Company will be appointed as directors of Anli Holdings (the “**Company Directors**”) before the drawdown. For so long as any amount remains outstanding under the Loan Agreement, major decisions of Anli Holdings will require the prior approval of the Company Directors. Accordingly, China Best Finance will be able to monitor the operations of Anli Holdings and its subsidiaries and will be able to know whether Anli Securities has provided a loan to third parties at a rate of more than 8% per annum and whether China Best Finance is entitled to additional interest at the Floating Rate.
- Events of default: The following events constitute events of default under the Loan Agreement:
- (i) non-payment under the Loan Agreement unless payment is made within 15 days after the due date;

LETTER FROM THE BOARD

- (ii) breach of other obligations under the Loan Agreement, unless where the breach is capable of being remedied, such breach is remedied within 15 days of the date a notice is given by China Best Finance to Anli Holdings or the date on which Anli Holdings is aware of the breach;
- (iii) representations and warranties being not true or misleading in any material respect, unless where the situation is capable of being remedied, such situation is remedied within 15 days of the date a notice is given by China Best Finance to Anli Holdings or the date on which Anli Holdings is aware of the situation;
- (iv) cross-default events:
 - a. any indebtedness of Anli Holdings or any of its subsidiaries is not paid when due or within any originally applicable grace period;
 - b. any indebtedness of Anli Holdings or any of its subsidiaries becomes (or becomes capable of being declared) due and payable prior to its stated maturity as a result of the occurrence of any event of default, howsoever described;
 - c. any creditor of Anli Holdings or any of its subsidiaries cancels or withholds the commitment in respect of any indebtedness of Anli Holdings or any of its subsidiaries as a result of the occurrence of any event of default, howsoever described;
 - d. any creditor of Anli Holdings or any of its subsidiaries becomes entitled to declare any indebtedness of Anli Holdings or any of its subsidiaries to be due and payable prior to its stated maturity as a result of the occurrence of any event of default, howsoever described;
- (v) insolvency, winding-up and creditors proceedings in relation to Anli Holdings or any of its subsidiaries;

LETTER FROM THE BOARD

- (vi) any subsidiary of Anli Holdings not being or ceasing to be a wholly-owned subsidiary of Anli Holdings;
- (vii) any obligations of Anli Holdings or other obligors under the Loan Agreement or other finance documents being or becoming illegal;
- (viii) non-performance of the Loan Agreement or other finance documents by Anli Holdings or other obligors; and
- (ix) occurrence of any circumstance which has a material adverse effect, unless where the circumstance is capable of being remedied, such circumstance is remedied within 15 days of the date a notice is given by China Best Finance to Anli Holdings or the date on which Anli Holdings is aware of the circumstance.

Security:

The Loan is secured by a share charge to be provided by Mr. Wong in favour of China Best Finance in respect of the entire issued share capital of Anli Holdings (following the Restructuring).

Based on the unaudited management accounts as at 31 December 2015 provided by Anli Holdings, it has net liabilities of approximately HK\$12.35 million after taking into account the borrowing from Mr. Wong being approximately HK\$20 million. Having considered the fact that China Best Finance will also have the benefit of a guarantee to be given by Mr. Wong to secure the obligations of Anli Holdings under the Loan Agreement, the Directors are of the view that the interest of China Best Finance as creditor will be reasonably protected.

Call option:

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.

LETTER FROM THE BOARD

The Loan is intended to be funded entirely by the net proceeds from the allotment and issue of Shares pursuant to the Subscription Agreement.

The terms of the Loan Agreement (including the interest rate) have been arrived at by China Best Finance and Anli Holdings after arm's length negotiation, having regard to the commercial practice in the money lending market in Hong Kong including the provision of loans to business enterprises at an interest rate higher than the best lending rate quoted by the Hongkong and Shanghai Banking Corporation (which is currently 5% per annum) and the charging of interest at both a fixed rate and a floating rate, and the amount of the Loan.

In assessing the credit risk of Anli Holdings and how the Company will regulate the credit risks that might be associated with the provision of the Loan, the Company has considered that Anli Securities, to which the proceeds of the Loan will be provided for the purposes of developing its margin business, has been engaged in the financial service industry since 2003 as a corporation licensed with the Securities and Futures Commission of Hong Kong and that Mr. Wong, who will become the sole shareholder of Anli Holdings following the Restructuring and who is a guarantor under the Loan Agreement, has a good reputation in the market and has experience in the Hong Kong financial industry for over ten years. Furthermore, China Best Finance will have protection under a combined package of a share charge, a guarantee and a call option (please see above for further details). Despite the fact that Anli Holdings has net liabilities based on the unaudited management accounts as at 31 December 2015, the Directors are of the view that the interest of China Best Finance as creditor can be reasonably protected given that China Best Finance will also have the benefit of Mr. Wong's personal guarantee. Furthermore, the Company, through the Company Directors, will monitor the use of the proceeds of the Loan and play a part in ensuring that Anli Holdings will use the Loan proceeds in such a manner as will enable Anli Holdings to repay the outstanding amount under the Loan to China Best Finance. The Directors are therefore of the view that the credit risks that might be associated with the provision of the Loan would be, in the absence of any unforeseen factors, acceptable to the Group.

The Directors consider that the terms of the Loan Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

FINANCE LEASE AGREEMENT

The principal terms of the Finance Lease Agreement are summarized as follows:

Date:	2 November 2015 (Original Finance Lease Agreement) 16 December 2015 (Dishangtie Supplemental Agreement)
Purchaser/Lessor:	Rongjinda Finance
Vendor/Lessee:	Dishangtie

LETTER FROM THE BOARD

As at the Latest Practicable Date, Dishangtie is owned as to 39% by 上海普天智綠新能源技術有限公司 (Shanghai Putian Zhilu New Energy Technology Company Limited*), 21% by 深圳市科陸電子科技股份有限公司 (Shenzhen Kelu Electronic Technology Stock Company Limited*) and 40% by 深圳市暉譜能源科技有限公司 (Shenzhen Huipu Energy Technology Company Limited*).

上海普天智綠新能源技術有限公司 (Shanghai Putian Zhilu New Energy Technology Company Limited*) is indirectly owned by 上海普天郵通科技股份有限公司 (Shanghai Putian Youtong Technology Company Limited*), a state-owned company listed on the Shanghai Stock Exchange (SHA 600680), which is engaged in the communication industry in the PRC.

深圳市科陸電子科技股份有限公司 (Shenzhen Kelu Electronic Technology Stock Company Limited*) is a company listed on the Shenzhen Stock Exchange (SZ 002121), the primary business of which is the provision of technological and product solutions for smart grid connection, new energy application and energy conservation.

深圳市暉譜能源科技有限公司 (Shenzhen Huipu Energy Technology Company Limited*), a company established under the laws of the PRC and engaged in the development, manufacture and sale of nickel-hydrogen battery and lithium battery products, is owned as to 11% by 易莉 (Yi Li*), 9% by 王曉金 (Wang Xiaojin*) and 80% by 張海瑩 (Zhang Haiying*). Each of Yi Li, Wang Xiaojin and Zhang Haiying is a merchant and an investor. Zhang Haiying is also the legal representative and the general manager of Dishangtie.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, Dishangtie and its ultimate beneficial owners are Independent Third Parties and do not have any relationship with any of the subscribers under the Subscription Agreement.

The Finance Lease Agreement comprised (i) the sale and purchase of the Leased Assets and (ii) the lease back of the Leased Assets to Dishangtie, details of which are set out below.

LETTER FROM THE BOARD

Sale and purchase arrangement

Pursuant to the Finance Lease Agreement, Rongjinda Finance conditionally agreed to purchase the Leased Assets from Dishangtie for a total consideration of RMB115,000,000 (equivalent to approximately HK\$138,000,000) payable by six instalments corresponding to the relevant batch of the Leased Assets. The first instalment of the consideration will be paid on the tenth business day after the conditions precedent set out in the Finance Lease Agreement are satisfied (or waived by Rongjinda Finance), and subject to Dishangtie complying with its obligations under the Finance Lease Agreement in full, the last instalment of the consideration will be paid no later than 30 June 2016. In paying the consideration for the relevant batch of the Leased Assets, Rongjinda Finance is entitled to set off the consideration against the outstanding amounts payable by Dishangtie under the Finance Lease Agreement (see the paragraph headed “Lease payments” below).

Pursuant to the Finance Lease Agreement, Rongjinda Finance will purchase the Leased Assets in six batches. The following table sets out the amount payable by Rongjinda Finance in each instalment for the corresponding batch of the Leased Assets and the number and specific type of motor vehicles for each batch of the Leased Assets.

Batch/ Instalment	Number of motor vehicles	Specific type of motor vehicles	Amount of instalment of the consideration payable by Rongjinda Finance (RMB)	Carrying value and/or the prevailing market price (RMB)
1.	120	Electric vans and trucks	18,700,000	19,637,120
2.	125	Electric vans and trucks	16,300,000	27,677,600
3.	135	Electric vans and trucks	20,000,000	33,019,000
4.	145	Electric vans and trucks	20,000,000	34,205,200
5.	160	Electric vans and trucks	20,000,000	36,369,000
6.	165	Electric vans and trucks	<u>20,000,000</u>	<u>33,139,700</u>
Total	850		<u>115,000,000</u>	<u>184,047,620</u>

The consideration in respect of the sale and purchase of the Leased Assets was determined after arm’s length negotiations between Rongjinda Finance and Dishangtie by reference to the carrying values and/or prevailing market price of the Leased Assets. The table above sets out the carrying values and/or the prevailing market price of each batch of the Leased Assets. As at the Latest Practicable Date, the first batch of the Leased Assets has already been purchased by Dishangtie for the purpose of selling to Rongjinda Finance under the Finance Lease Agreement. Accordingly, the carrying value and the prevailing market price of the first batch of the Leased Assets is determined based on the actual acquisition cost of those Leased Assets. As at the Latest Practicable Date, the remaining five batches of the Leased Assets have not yet been acquired by Dishangtie for the purpose of selling to Rongjinda Finance under the Finance Lease Agreement.

LETTER FROM THE BOARD

Accordingly, the carrying value and the prevailing market price of the remaining five batches of the Leased Assets is determined based on the actual acquisition cost for the same models of motor vehicles paid by Dishangtie previously and consideration of the subsidy policy for new energy vehicles of the PRC government.

The consideration for the Leased Assets is intended to be funded as to RMB75,000,000 (equivalent to approximately HK\$90,000,000) by the net proceeds from the allotment and issue of Shares pursuant to the Subscription Agreement and as to the remaining amount of the consideration by the financial resources available to the Group.

Conditions precedent

The conditions precedent for the payment of the consideration for the Leased Assets include:

1. Rongjinda Finance having obtained all relevant regulatory approval for the Finance Lease Agreement;
2. the Finance Lease Agreement and the transactions contemplated thereunder being approved by the Company at board and/or shareholders' meetings in accordance with applicable laws, rules and regulations (if necessary);
3. Rongjinda Finance having obtained capital injection or loan from the Company or its subsidiaries of not less than RMB72,000,000 (equivalent to approximately HK\$86,400,000);
4. completion of the Subscription Agreement; and
5. Rongjinda Finance having received from Dishangtie the relevant documents and information including the executed Finance Lease Agreement and the guarantee (if any) or other legal documents related thereto, documents evidencing registration of guarantee (if applicable), documents proving title to the relevant assets, insurance related documents, acknowledgment receipt of leased assets, payment details and tax invoices and the relevant handling fees and deposit.

Conditions (4) and (5) above are waivable at the absolute discretion of Rongjinda Finance.

As at the Latest Practicable Date, save for (i) the Board's approval of the Finance Lease Agreement and the transactions contemplated thereunder set out in condition (2) above, (ii) the executed Finance Lease Agreement set out in condition (5) above and (iii) the documents proving title to the relevant assets of the first batch of the Leased Assets set out in condition (5) above, none of the conditions above has been fulfilled (or if applicable, waived).

LETTER FROM THE BOARD

No specific long stop date with respect to the fulfillment (or if applicable, waiver) of the conditions above has been stipulated in the Finance Lease Agreement. However, as mentioned above in the paragraph headed “Sale and purchase arrangement”, subject to Dishangtie complying with its obligations under the Finance Lease Agreement in full, the last instalment of the consideration will be paid no later than 30 June 2016.

Lease back arrangement

Pursuant to the Finance Lease Agreement, Rongjinda Finance agreed to lease the relevant batch of the Leased Assets back to Dishangtie for a term of 36 months, commencing on the date of payment of the consideration for the relevant batch of the Leased Assets.

Lease payments

Pursuant to the Finance Lease Agreement, the lease payments payable by Dishangtie to Rongjinda Finance shall be approximately RMB125,953,000 (equivalent to approximately HK\$151,144,000), being the principal lease cost of RMB115,000,000 (equivalent to approximately HK\$138,000,000) plus the aggregate interest (after tax) of approximately RMB10,953,000 (equivalent to approximately HK\$13,144,000), which shall be payable in twelve quarterly installments. Under the Finance Lease Agreement, the interest rate is 5.7% per annum.

In addition, Dishangtie will pay an annual handling fee in an amount equal to 2.5% per annum of the lease payment in respect of the relevant batch of the Leased Assets. Dishangtie will also pay a deposit in the amount of 6% of the consideration for the relevant batch of the Leased Assets at the start of the lease period.

The lease payments, the handling fee and the deposit were determined after arm’s length negotiations between Rongjinda Finance and Dishangtie by reference to the principal amounts of the lease and the prevailing market interest rate, handling fee and deposit amount for finance leases of comparable motor vehicles. In determining the prevailing market rates, Rongjinda Finance considered the rates charged by certain finance lease companies in the PRC in respect of loans with similar principal amount, tenure and leased assets, where interest rates ranged from 4.75% to 6% per annum, the handling fee ranged from 2% to 3% per annum and the deposit ranged from 5% to 10%. In respect of the interest rate, Rongjinda Finance also followed the market practice of charging 10-30% on top of the loan interest rate provided by commercial banks for the same length of loan period.

Ownership of the Leased Assets

The ownership of the Leased Assets under the Finance Lease Agreement will be vested in Rongjinda Finance throughout the lease period. At the end of the lease period and subject to payment by Dishangtie of all amounts due under the Finance Lease Agreement, the ownership of the Leased Assets will be vested in Dishangtie.

LETTER FROM THE BOARD

The Leased Assets will not be accounted for in the financial statements of the Company. The accounting treatment of the Finance Lease Agreement is set out in the section headed “FINANCIAL EFFECTS OF THE LOAN AGREEMENT AND THE FINANCE LEASE AGREEMENT ON THE GROUP” below.

Guarantee

Pursuant to the Finance Lease Agreement, at the request of Rongjinda Finance, Dishangtie shall, at its own expenses, ensure that measures satisfactory to Rongjinda Finance are in place to secure the obligations of Dishangtie under the Finance Lease Agreement in favour of Rongjinda Finance including without limitation the execution of a guarantee by a guarantor procured by Dishangtie in favour of Rongjinda Finance, who is expected to be a shareholder(s) of Dishangtie or a supplier(s) of the Leased Assets with credibility.

In assessing the credit risk of Dishangtie and how the Company will regulate the credit risks that might be associated with the transactions contemplated under the Finance Lease Agreement, the Company has considered the credibility of the shareholders of Dishangtie two of which are companies listed in the PRC and/or state-owned. The Company has also considered the business model, the profile of the current suppliers and clientele of Dishangtie. Furthermore, Rongjinda Finance will request protection under a guarantee by a guarantor who is expected to be a shareholder(s) of Dishangtie or a supplier(s) of the Leased Assets with credibility, as set out in the foregoing paragraph. The Directors are therefore of the view that the credit risks that might be involved in making the advance to Dishangtie, in the absence of any unforeseen factors, are acceptable to the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT AND FINANCE LEASE AGREEMENT

China Best Finance is an indirect wholly-owned subsidiary of the Company and a money lender licensed in Hong Kong under the Money Lenders Ordinance. The Loan Agreement is conducted in the ordinary and usual course of business of the Group which will provide interest income of HK\$4,800,000 or above to the Group.

Rongjinda Finance is an indirect wholly-owned subsidiary of the Company and is principally engaged in finance leasing business in the PRC. The entering into of the Finance Lease Agreement is part of the ordinary and usual course of business of Rongjinda Finance which will enable Rongjinda Finance to earn an aggregate income (after tax) of approximately RMB18,325,000 (equivalent to approximately HK\$21,990,000), being the aggregate of (i) interest (after tax) on the Finance Lease Agreement of approximately RMB10,953,000 (equivalent to approximately HK\$13,144,000); and (ii) handling fee (after tax) derived from the Finance Lease Agreement of approximately RMB7,372,000 (equivalent to approximately HK\$8,846,000).

The Directors believe that the terms of each of the Loan Agreement and the Finance Lease Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP

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 trading of fuel oil, electronic devices and other commodities and commenced the finance leasing business in July 2015.

As disclosed in the Company's announcement dated 17 December 2015, the Company entered into a sale and purchase agreement on the same day with an Independent Third Party in connection with the disposal of the Group's coal business and will no longer engage in the coal business after completion of the aforesaid disposal. As at the Latest Practicable Date, the aforesaid disposal has not been completed.

INFORMATION ON ANLI HOLDINGS

Anli Holdings is an investment holding company incorporated in Hong Kong with limited liability and its main subsidiary, Anli Securities, is principally engaged in securities trading and brokerage business in Hong Kong.

INFORMATION ON DISHANGTIE

Dishangtie is a company incorporated under the laws of the PRC and is principally engaged in operating lease of motor vehicles to transportation and logistics companies in the PRC. In line with the policy direction of the PRC government relating to fields of energy conservation, environmental protection and new energy, Dishangtie aims at developing and promoting application of new energy vehicles in Shenzhen in short-medium term and expanding its operation to the South China region in long run. It has established strategic cooperation relationship with 深圳東風汽車有限公司 (Shenzhen Dongfeng Automobile Co., Ltd.*), 順豐速運 (Shun Fung Express*), 中國郵政 (China Post*), 中通快遞 (ZTO Express*) and other renowned business partners.

FINANCIAL EFFECTS OF THE LOAN AGREEMENT AND THE FINANCE LEASE AGREEMENT ON THE GROUP

Assets and liabilities

The item "loan receivable" under the assets of the Group will be increased by HK\$40,000,000 which will be attributed by the advancement of the Loan under the Loan Agreement and the item "lease receivable" under the assets of the Group will be increased by lease payments payable upon each instalment under the Finance Lease Agreement, whereas the Group's cash and cash equivalent will be decreased accordingly. The transactions contemplated under the Loan Agreement and the Finance Lease Agreement will have no impact on the liabilities of the Group.

LETTER FROM THE BOARD

Earnings

As set out in the section headed “REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT AND FINANCE LEASE AGREEMENT”, the Loan Agreement will generate interest income of HK\$4,800,000 or above to the Group. The Finance Lease Agreement will generate an aggregate income (after tax) of approximately RMB18,325,000 (equivalent to approximately HK\$21,990,000), being the aggregate of (i) interest (after tax) on the Finance Lease Agreement of approximately RMB10,953,000 (equivalent to approximately HK\$13,144,000); and (ii) handling fee (after tax) derived from the Finance Lease Agreement of approximately RMB7,372,000 (equivalent to approximately HK\$8,846,000).

LISTING RULES IMPLICATIONS

As the Loan Agreement and the Finance Lease Agreement were all of the nature of financial assistance and entered into within a period of 12 months, pursuant to Rule 14.22 of the Listing Rules, the Loan Agreement and the Finance Lease Agreement are required to be aggregated in the calculation of the relevant percentage ratios to determine the classification of notifiable transactions for the purpose of the Listing Rules.

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Loan Agreement and the Finance Lease Agreement, when aggregated under Rule 14.22 of the Listing Rules, are more than 25% but less than 100%, the transactions contemplated under the Loan Agreement and the Finance Lease Agreement constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are subject to the notification, announcement and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

SGM

The SGM will be held to consider and, if thought fit, pass the ordinary resolutions to approve the Loan Agreement, the Finance Lease Agreement and the transactions contemplated thereunder. The notice of the SGM is set out on pages 31 to 33 of this circular.

As at the Latest Practicable Date, to the extent that the Directors are aware, having made all reasonable enquiries, no Shareholder has material interest in the Loan Agreement and the Finance Lease Agreement and the transactions contemplated thereunder and as such, none of the Shareholders is required to abstain from voting on the proposed resolutions at the SGM.

LETTER FROM THE BOARD

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, all the proposed resolutions will be put to vote by way of poll at the SGM. An announcement on the poll vote results will be published by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules. A form of proxy for use at the SGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cbgroup.com.hk). If you intend to appoint a proxy to attend the SGM, you are requested to complete and sign the proxy form and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the SGM or adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting if you so wish.

RECOMMENDATIONS

The Directors consider that the terms of the Loan Agreement, the Finance Lease Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favor of the resolutions to be proposed at the SGM to approve the Loan Agreement, the Finance Lease Agreement and the transactions contemplated thereunder.

GENERAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendix I (Financial Information of the Group) and Appendix II (General Information) to this circular.

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

CONSOLIDATED FINANCIAL STATEMENTS

The audited consolidated financial statements of the Group for the year ended 31 December 2012, the year ended 31 December 2013 and the year ended 31 December 2014 and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2015 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.cbgroup.com.hk):

- pages 42 to 135 in the annual report 2012 of the Company for the year ended 31 December 2012 published on 18 March 2013;
- pages 42 to 135 in the annual report 2013 of the Company for the year ended 31 December 2013 published on 16 April 2014;
- pages 51 to 159 in the annual report 2014 of the Company for the year ended 31 December 2014 published on 20 April 2015; and
- pages 6 to 24 in the interim report 2015 of the Company for the six months ended 30 June 2015 published on 22 September 2015.

Each of the said consolidated financial statements of the Group is incorporated by reference to this circular and forms part of this circular. Please also see below the links to the relevant annual reports and interim report of the Company:

Annual Report 2012:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0318/LTN20130318659.pdf>

Annual Report 2013:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0416/LTN20140416734.pdf>

Annual Report 2014:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0420/LTN201504201002.pdf>

Interim Report 2015:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0922/LTN20150922617.pdf>

STATEMENT OF INDEBTEDNESS**Borrowings**

As at the close of business on 30 November 2015, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding unsecured loan from a non-controlling shareholder of a subsidiary plus accrued interest of approximately HK\$29,483,000, which was repayable on demand. Other than an amount of approximately HK\$21,190,000 which carries interest at 2% over Hong Kong prime rate per annum, the remaining balance is non-interest bearing.

Contingent liabilities

As at the close of business on 30 November 2015, the Group had no material contingent liabilities.

Disclaimer

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business of the Group, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any term loans (secured, unsecured, guaranteed or not), bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, finance lease commitments, guarantees or contingent liabilities at the close of business on 30 November 2015.

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 30 November 2015 and up to the Latest Practicable Date.

WORKING CAPITAL

The Directors expected that (i) the principal amount of the Loan Agreement of HK\$40,000,000; and (ii) partial consideration for the purchase of motor vehicles of approximately RMB75,000,000 (equivalent to approximately HK\$90,000,000) in relation to the Finance Lease Agreement, will be funded by net proceeds from the allotment and issue of Shares pursuant to the Subscription Agreement. The remaining consideration for the purchase of motor vehicles of approximately RMB40,000,000 (equivalent to approximately HK\$48,000,000) will be funded by financial resources available to the Group.

As at the date of this circular, the Shareholders had approved the Subscription Agreement and the transactions contemplated thereunder at a special general meeting of the Shareholders held on 18 January 2016. The Company and the subscribers intend to complete the transactions contemplated under the Subscription Agreement within 30 days of the date of the special general meeting.

After due and careful consideration, the Directors are of the opinion that, in the absence of unforeseeable circumstances, after taking into account the Group's business prospects, financial resources presently available to the Group including bank balances and cash and other internal resources, the net proceeds from the allotment and issue of Shares pursuant to the Subscription Agreement and cash outflows from the Loan Agreement and Finance Lease Agreement, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

FINANCIAL AND TRADING PROSPECTS

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 trading of fuel oil, electronic devices and other commodities and commenced the finance leasing business in July 2015.

As disclosed in the 2015 interim report of the Company, the Group's turnover during the first half of 2015 increased to approximately HK\$310.3 million. The Group recorded a gross profit of approximately HK\$11.7 million for the six months ended 30 June 2015. The net profit for the period attributable to owners of the Company reached approximately HK\$142.2 million. The improvement of the Group's financial results in the first half of 2015 was mainly attributable to, among other things, (i) realised gains of approximately HK\$26.5 million from securities investment; and (ii) unrealised fair value gains of approximately HK\$123.6 million from investment in listed trading securities held as at 30 June 2015. However, the stock market has been in an extraordinary upheaval while showing a weak and downward trend since 30 June 2015. The investments in securities and funds of the Group have been significantly affected.

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 the 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. As disclosed in the Company's announcement dated 17 December 2015, the Company entered into a sale and purchase agreement on the same day with an Independent Third Party in connection with the disposal of the Group's coal business and will no longer engage in the coal business after completion of the aforesaid disposal. As at the Latest Practicable Date, the aforesaid disposal has not been completed.

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 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 Latest Practicable Date, approximately HK\$186.59 million has been utilised in the Group's finance leasing business.

According to the Report On The Development Of Finance Leasing In The PRC* (中國融資租賃業發展報告) issued by the Division for Development Of Circulation Industry of Ministry of Commerce of the PRC* (中國商務部流通業發展司) in August 2015, there were 2,045 registered finance leasing enterprises in the PRC as at the end of 2014, representing an increase of 959 enterprises or 88.3% as compared to the end of 2013. As at the end of 2014, the total registered capital of the aforesaid finance leasing companies in the PRC was RMB556.46 billion, representing an increase of RMB268.04 billion or 92.9% as compared to the end of 2013. As at the end of 2014, the total assets of the aforesaid finance leasing companies were approximately RMB1.101 trillion, representing an increase of 26.2% as compared to the end of 2013. In 2014, the aforesaid finance leasing companies achieved a total income of RMB97.04 billion and profit before tax of RMB10.65 billion. In 2014, the aforesaid finance leasing companies extended finance leasing totaling RMB537.41 billion, representing an increase of RMB151.06 billion or 39.1% as compared to the end of 2013.

On 7 September 2015, the General Office of the State Council issued The Guiding Opinion Of The General Office Of The State Council Regarding The Acceleration Of Development Of Finance Leasing Industry* (國務院辦公廳關於加快融資租賃業發展的指導意見) to comprehensively and systematically implement and accelerate the development of finance leasing businesses. The development goals are that (1) by 2020, the finance leasing business sector coverage would continue to increase with significantly improved market penetration rate, such that finance leasing would become an important tool in the enterprises' equipment investment and technological upgrading strategy, (2) a group of leading enterprises with exceptional technical strengths, advanced management system and strong international competitiveness would emerge, (3) a unified, standardised and effective regulatory system would emerge, with such supporting laws, regulations and policies being established, and (4) the market size of the finance leasing industry and its level of competitiveness would rank among the top in the world.

The Company believes that the finance leasing business will enter into a 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.

In September 2015, the Group acquired 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. The Group intends to leverage on China Best Finance as the platform to actively develop the money lending business.

Investors in Hong Kong are considered to be generally active in the market. Loans granted by authorised institutions in Hong Kong (including licensed banks, restricted licensed banks and deposit taking companies) have increased in the recent years. The strong demand for loans in Hong Kong created upward pressure on banks' lending rate. As banks work to adjust their lending rate in response to the rising funding cost in order to raise interest margin, higher lending rate offered by banks raised the barriers of borrowing and led consumers to turn to licensed money lenders, benefiting the money lending service industry. While the Group will proactively explore customers with good quality to expand its business scale, it will adopt a prudent credit risk management strategy to ensure a healthy development in its money lending business. Being an alternative to banks and authorised financial institutions and leveraging on the Group's efforts in developing the money lending business, the Company believes that it can be competitive in the money lending market in Hong Kong and will be able to generate promising returns to the Shareholders in the foreseeable future.

The Group will from time to time diligently review the operating performance, growth potential and funding requirements for each of its business segments and prioritize the allocation of its resources in order to enhance the financial position of the Group and to optimize the potential returns on Shareholders' investment.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save for the information set out in the profit warning announcement of the Company dated 8 January 2016 in relation to an expected increase in the loss to be recorded by the Group for the year ended 31 December 2015 as mainly attributable to an increase in unrealised fair value losses and the share-based payment expenses, the Directors were not aware of any material adverse change in the financial or trading position or prospect of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DISCLOSURE OF INTERESTS**Directors' interests**

Save as mentioned below, as at the Latest Practicable Date, none of the Directors and chief executive had any interests or short position in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions, if any, which any such Director or the chief executive of the Company was taken or deemed to have under such provisions of the SFO); or which (ii) were required to be entered into the register maintained by the Company, pursuant to section 352 of the SFO; or which (iii) were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transaction by Directors of Listed Companies as set out in Appendix 10 of the Listing Rules:

Long positions in the shares and share options of the Company

Name of Director	Nature of interest	Number of Shares	Number of share options outstanding (Note 1)	Total number of underlying Shares	Approximate percentage of the issued share capital of the Company (Note 2)
Mr. Tan Xiangdong	Beneficial owner	–	37,000,000	37,000,000	0.70%
Mr. Li Yang	Beneficial owner	–	10,034,030	10,034,030	0.19%
Mr. Wang Jian	Beneficial owner	–	8,034,030	8,034,030	0.15%
Mr. Chan Fong Kong Francis	Beneficial owner	–	5,240,000	5,240,000	0.10%
Mr. Chen Zhenguo	Beneficial owner	–	5,240,000	5,240,000	0.10%
Mr. Li Yu	Beneficial owner	–	5,240,000	5,240,000	0.10%

Notes:

1. The share options were granted on 17 July 2015, each with an exercise price of HK\$0.3 per Share and a validity period from 17 July 2015 to 16 July 2018 under the share option scheme adopted by the Company on 22 May 2012.
2. The percentage shareholding in the Company is calculated on the basis of 5,264,566,267 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Substantial Shareholders' interests

Save as disclosed below, the Directors and the chief executive of the Company were not aware that there was any person who, as at the Latest Practicable Date, had an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or who, as at the Latest Practicable Date, was directly and indirectly interested in 10%, or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

Long Position in the Shares

Name	Capacity	Interest in Shares	Approximate percentage of the issued share capital of the Company (Note 5)
Silver Venus Investments Ltd. (Note 1)	Beneficial owner	1,600,000,000	30.39%
Zhongrong International Finance Company Limited (Note 2)	Person having a security interest in shares	500,000,000	9.50%
China Bosum Asset Management Limited (Note 3)	Beneficial owner	500,000,000	9.50%
Hwabao Trust Co., Ltd. (Note 4)	Trustee	350,760,000	6.66%

1. Silver Venus Investments Ltd. is the beneficial owner of 1,600,000,000 Shares pursuant to the Subscription Agreement. Silver Venus Investments Ltd. 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*). 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 Investments Ltd..
2. Zhongrong International Finance Company Limited declared a security interest in 500,000,000 Shares. Zhongrong International Finance Company Limited is wholly owned by ZR International Holding Company Limited, which is in turn wholly owned by Dragon Ocean Development Ltd.. Dragon Ocean Development Ltd. is wholly owned by Mr. Wu Qiaofeng (吳僑峰先生). By virtue of the SFO, each of ZR International Holding Company Limited, Dragon Ocean Development Ltd. and Mr. Wu Qiaofeng (吳僑峰先生) is deemed to be interested in the security interest declared by Zhongrong International Finance Company Limited.
3. China Bosum Asset Management Limited is owned as to 51% by Mr. Lai Aizhong and 49% by Ms. Wen Ting respectively. By virtue of the SFO, each of Mr. Lai Aizhong and Ms. Wen Ting is deemed to be interested in all the Shares held by China Bosum Asset Management Limited.
4. Hwabao Trust Co., Ltd. is a trustee of Hwabao Overseas Investment Series 2 No. 20-10 QDII Single Money.
5. The percentage shareholding in the Company is calculated on the basis of 5,264,566,267 Shares in issue as at the Latest Practicable Date.

DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the businesses of any member of the Group.

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any assets which have been, since 31 December 2014 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors and their respective associates is and was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

MATERIAL CONTRACTS

Set out below are the material contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the Group within the two years immediately preceding the date of this circular:

- (a) a termination agreement entered into by and between the Company and Rich Planet Investments Limited, Noble Justice Holdings Limited and Evergreen Lake International Limited dated 24 January 2014 pursuant to which an acquisition agreement to purchase the entire issued share capital of Lead Best Asia Company Limited was terminated, details of which are set out in the Company's announcement dated 24 January 2014;
- (b) a subscription letter entered into by and between Jet-Air (H.K.) Limited, a wholly-owned subsidiary of the Company ("**Jet-Air**"), and China New Energy Limited, a company incorporated under the laws of Jersey with limited liability and the shares of which are listed on the Alternative Investment Market of the London Stock Exchange (Stock Code: CNEL) ("**China New Energy**") dated 17 September 2014 pursuant to which Jet-Air shall subscribe for 44,652,107 newly issued ordinary shares of GBP0.00025 each of China New Energy at a total consideration of approximately GBP595,000, details of which are set out in the Company's announcements dated 17 September 2014 and 19 September 2014;

- (c) an agreement dated 29 September 2014 entered into between the Company and Kingston Securities Limited in relation to the placing of up to 486,320,000 Shares at the placing price of HK\$0.18 per Share. The net proceeds from such placing was approximately HK\$85.35 million;
- (d) an underwriting agreement dated 10 November 2014 entered into among the Company and Kingston Securities Limited in relation to the underwriting arrangement in respect of the open offer of the Company which was completed in January 2015 and raised net proceeds of approximately HK\$211.67 million;
- (e) a sale and purchase agreement entered into by Yongjia Investments Limited, a wholly-owned subsidiary of the Company (as purchaser) (“**Yongjia**”), and an individual vendor dated 15 April 2015 pursuant to which Yongjia conditionally agreed to acquire the entire issued share capital of Advance Moon Limited, which was later renamed as the current name for China Best Finance, at a consideration of HK\$800,000. Completion took place in September 2015. Details of this acquisition are set out in the Company’s announcement dated 15 April 2015;
- (f) a subscription agreement entered into by Kang Yong International Limited, a wholly-owned subsidiary of the Company (as subscriber) (“**Kang Yong**”) and East Favor Global Investment Limited (as issuer) (“**East Favor Global**”) dated 20 April 2015 pursuant to which Kang Yong had agreed to subscribe for and East Favor Global had agreed to issue 9,608 new shares in East Favor Global at the consideration of HK\$110,250,000. Completion took place on 11 June 2015. Details of the foregoing are set out in the Company’s announcements dated 20 April 2015 and 11 June 2015;
- (g) an agreement dated 12 June 2015 entered into between the Company and Kingston Securities Limited in relation to the placing of up to 875,380,000 Shares at the placing price of HK\$0.25 per Share. The net proceeds from such placing was approximately HK\$213 million;
- (h) the Subscription Agreement;
- (i) a convertible bonds subscription agreement entered into between the Company, Silver Venus Investments Ltd., Aquila Global Investment Ltd and Sungi Global Investment Co., Ltd dated 15 September 2015 in connection with the proposed subscription of certain new convertible bonds of the Company at the consideration of approximately HK\$2.20 billion (terminated by mutual agreement by a deed of termination dated 26 October 2015 with effect from the date of the deed of termination), details of which are set out in the Company’s announcements dated 11 August 2015, 18 September 2015 and 27 October 2015;

- (j) a convertible bonds subscription agreement entered into between the Company, KKC Capital SPC, Happy-Silicon CB1 dated 15 September 2015 in connection with the proposed subscription of certain new convertible bonds of the Company at the consideration of approximately HK\$0.92 billion (terminated by mutual agreement by a deed of termination dated 26 October 2015 with effect from the date of the deed of termination), details of which are set out in the Company's announcements dated 11 August 2015, 18 September 2015 and 27 October 2015;
- (k) a subscription agreement entered into between the Company and Happy-Silicon CB1 dated 26 October 2015 in connection with the proposed subscription of certain new Shares by Happy-Silicon CB1 at the consideration of HK\$153 million (terminated by mutual agreement by a deed of termination dated 7 December 2015 with effect from the date of the deed of termination), details of which are set out in the Company's announcements dated 11 August 2015, 18 September 2015, 27 October 2015 and 9 December 2015; and
- (l) a sale and purchase agreement entered into by the Company as vendor and Free Trans Holdings Limited as purchaser (the "**Purchaser**") dated 17 December 2015 pursuant to which the Purchaser has conditionally agreed to acquire and the Company has conditionally agreed to dispose of 1,100 shares, representing the entire issued share capital of Graceful Mind Group Limited, at the consideration of HK\$10 million, details of which are set out in the Company's announcement dated 17 December 2015.

GENERAL

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is situated at 26/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong.
- (c) The secretary of the Company is Mr. Ho Yu, an associate member of The Hong Kong Institute of Certified Public Accounts and a fellow member of the Association of Chartered Certified Accountants.
- (d) The principal share registrar and transfer office of the Company is MUFG Fund Services (Bermuda) Limited, The Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda.

- (e) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (f) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any business day from the date of this circular up to and including the date of the SGM at the head office and principal place of business of the Company in Hong Kong at 26/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the annual reports of the Company for each of the three financial years ended 31 December 2012, 2013 and 2014;
- (c) the interim report of the Company for the six months ended 30 June 2015;
- (d) the material contracts referred to under the section headed "MATERIAL CONTRACTS" in this Appendix; and
- (e) a copy of each circular issued pursuant to the requirements set out in Chapters 14 and/or 14A of the Listing Rules which has been issued since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up.

NOTICE OF THE SGM



CHINA BEST GROUP HOLDING LIMITED 國華集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 370)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (“**SGM**”) of the shareholders of China Best Group Holding Limited (the “**Company**”) will be held at 11 a.m. on Wednesday, 17 February 2016 at 26/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (i) the loan agreement dated 2 November 2015 (as supplemented and amended by a supplemental agreement dated 16 December 2015 and from time to time) (copies of which have been produced to the SGM marked “A” and signed by the Chairman of the SGM for the purpose of identification) entered into between China Best Finance Limited, a wholly-owned subsidiary of the Company, as lender, Anli Holdings Limited as borrower and Mr. Wong Wai Hong as guarantor (the “**Loan Agreement**”) in relation to the provision of a loan in the principal amount of HK\$40,000,000 and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and
- (ii) any one or more of the directors of the Company (the “**Directors**”) be and is/are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company which he/they consider(s) necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the terms of the Loan Agreement and the transactions contemplated thereunder and all acts by the Director(s) as aforesaid be and is/are hereby approved, ratified and confirmed.”

* For identification purpose only

NOTICE OF THE SGM

2. “**THAT:**

- (i) the finance lease agreement dated 2 November 2015 (as supplemented and amended by a supplemental agreement dated 16 December 2015 and from time to time) (copies of which have been produced to the SGM marked “B” and signed by the Chairman of the SGM for the purpose of identification) entered into between 融金達融資租賃有限公司 (Rongjinda Finance Leasing Limited*) as purchaser/lessor and 地上鐵租車(深圳)有限公司 (Dishangtie Zuche (Shenzhen) Company Limited*) (“**Dishangtie**”) as vendor/lessee (the “**Finance Lease Agreement**”) in relation to the sale and purchase of the leased assets set out in the Finance Lease Agreement for a total consideration of RMB115,000,000 (equivalent to approximately HK\$138,000,000) and the lease back of such leased assets to Dishangtie for a term of 36 months and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and
- (ii) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company which he/they consider(s) necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the terms of the Finance Lease Agreement and the transactions contemplated thereunder and all acts by the Director(s) as aforesaid be and is/are hereby approved, ratified and confirmed.”

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

Hong Kong, 25 January 2016

* *For identification purpose only*

The figures in RMB are converted into HK\$ at the rate of RMB1: HK\$1.20 in this notice for indicative purpose only.

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

NOTICE OF THE SGM

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:

26/F, World-Wide House
19 Des Voeux Road Central
Central, Hong Kong

Notes:

1. In accordance with the relevant requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and for good corporate governance practice, the Chairman of the SGM will direct that each of the resolutions set out in the notice of the SGM be voted on by poll. The results of the poll will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cbgroup.com.hk) respectively.
2. A member of the Company entitled to attend and vote at the SGM is entitled to appoint another person as his proxy to attend and vote in his stead. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the SGM. A proxy need not be a member of the Company.
3. In order to be valid, the form of proxy must be deposited at the Company’s branch share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong together with the power of attorney or other authority (if any) under which it is signed or certified copy of such power of attorney or authority, not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
4. A form of proxy for use in connection with the SGM is enclosed and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cbgroup.com.hk) respectively.