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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  
COOPERATION AGREEMENT IN RELATION TO  
RECONSTRUCTION PROJECT FOR ZHUANGTIAN VILLAGE,  
GUANGDONG, THE PRC**

**THE COOPERATION AGREEMENT**

On 19 July 2021, Zhonghaihang Guangdong, Guohua Jianye (an indirect wholly-owned subsidiary of the Company), Zhongjing Tianyuan and the Target Company entered into the Cooperation Agreement pursuant to which, among other things, each of Guohua Jianye and Zhongjing Tianyuan agreed to acquire and invest in up to 35% equity interest in the Target Company. Pursuant to the Cooperation Agreement, in connection with such acquisition and investment, (i) Guohua Jianye and Zhongjing Tianyuan agreed to pay an aggregate of RMB100 million to the Target Company and (ii) each of Guohua Jianye and Zhongjing Tianyuan agreed to pay RMB5 million to Zhonghaihang Guangdong.

In connection with the Cooperation Agreement, on 19 July 2021, Guohua Jianye and Beijing Yachen entered into the Yachen Cooperation Agreement pursuant to which the parties agreed, among other things, that (i) the obligations and liabilities of Guohua Jianye under the Cooperation Agreement, including all payment and funding obligations, shall be borne by Beijing Yachen, (ii) all the shareholders' rights and interests enjoyed by Guohua Jianye under the Cooperation Agreement shall belong to Beijing Yachen, and (iii) Guohua Jianye will provide project development and management services to the Project.

As at the date of this announcement, the Target Company is wholly-owned by Zhonghaihang Guangdong. Upon completion of the equity transfers contemplated under the Cooperation Agreement, the Target Company will be legally owned as to 35% by Guohua Jianye, 35% by Zhongjing Tianyuan and 30% by Zhonghaihang Guangdong. By virtue of the Yachen Cooperation Agreement, the 35% equity interest held by Guohua Jianye in the Target Company will not be accounted for in the Group's consolidated financial statements.

\* For identification purpose only

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction is 5% or more and all of the applicable percentage ratios are less than 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **THE COOPERATION AGREEMENT**

### **Date**

19 July 2021

### **Parties**

- (i) Zhonghaihang Guangdong;
- (ii) Guohua Jianye;
- (iii) Zhongjing Tianyuan; and
- (iv) the Target Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Zhonghaihang Guangdong, Zhongjing Tianyuan, the Target Company and their respective ultimate beneficial owners are Independent Third Parties.

### **Subject Matter**

Pursuant to the Cooperation Agreement, each of Guohua Jianye and Zhongjing Tianyuan agrees to acquire and invest in up to 35% equity interest in the Target Company as set out below:

- (i) By no later than 10 business days after payment of the Deposit by each of Guohua Jianye and Zhongjing Tianyuan, Zhonghaihang Guangdong agrees to transfer 30% equity interest in the Target Company to each of Guohua Jianye and Zhongjing Tianyuan respectively.
- (ii) Within 30 days after the Target Company obtains the first land rights certificate for the saleable property plot under the Project, Zhonghaihang Guangdong agrees to transfer an additional 5% equity interest in the Target Company to each of Guohua Jianye and Zhongjing Tianyuan.

## Consideration

### *(i) Amounts payable to the Target Company:*

Guohua Jianye and Zhongjing Tianyuan agreed to pay an aggregate of RMB100 million to the Target Company in the following manner:

- (a) each of Guohua Jianye and Zhongjing Tianyuan will pay RMB5 million and together RMB10 million (the “**Deposit**”) as deposit within three business days after the signing of the Cooperation Agreement;
- (b) each of Guohua Jianye and Zhongjing Tianyuan will pay RMB25 million and together RMB50 million (the “**Second Installment**”) within 5 business days after the signing of the Project Agreement; and
- (c) Guohua Jianye and Zhongjing Tianyuan will pay an aggregate of RMB100 million (which is inclusive of the aggregate sum of RMB60 million referred to in sub-paragraphs (a) and (b) above) within 20 days after the signing of the Project Agreement.

Pursuant to the Cooperation Agreement, the above RMB100 million includes (i) the capital contribution to be subscribed by Guohua Jianye in the registered capital of the Target Company in the sum of RMB30 million and (ii) the capital contribution to be subscribed by Zhongjing Tianyuan in the registered capital of the Target Company in the sum of RMB30 million.

Such RMB100 million will be applied by the Target Company in the following manner: (1) RMB50 million will be applied towards the deposit payable by the Target Company under the Project Agreement, (2) RMB20 million will be applied towards the working capital of the Target Company and (3) RMB30 million will be applied towards the necessary expenses of the Project.

***(ii) Amounts payable to Zhonghaihang Guangdong:***

Each of Guohua Jianye and Zhongjing Tianyuan agreed to pay RMB5 million to Zhonghaihang Guangdong within 30 days after the Target Company obtains the first land rights certificate for the saleable property plot under the Project, as consideration for the acquisition of 5% equity interest in the Target Company.

The consideration was determined by the parties to the Cooperation Agreement after arm's length negotiations with reference to, among other things, (1) the registered capital of the Target Company of RMB100 million and relevant percentage of equity interest to be held by Guohua Jianye (i.e. 35%), and (2) the working capital requirements of the Target Company.

The consideration payable by Guohua Jianye will be funded by Beijing Yachen pursuant to the Yachen Cooperation Agreement as set out below.

**Termination**

If the Target Company fails to enter into the Project Agreement with Zhuangtian Village and to be appointed as the designated contracting entity for the Project, (i) Zhonghaihang Guangdong shall refund all the amounts paid by Guohua Jianye and Zhongjing Tianyuan, (ii) the relevant equity interest of the Target Company transferred to and registered under the names of Guohua Jianye and Zhongjing Tianyuan shall be reversed and transferred back to Zhonghaihang Guangdong, and (iii) the Cooperation Agreement will terminate and none of the parties shall have any claim against the other.

If Guohua Jianye and Zhongjing Tianyuan default in payment of any amount payable under the Cooperation Agreement for over 30 days, Zhonghaihang Guangdong may unilaterally give notice to terminate the Cooperation Agreement, forfeit the Deposit paid by Guohua Jianye and Zhongjing Tianyuan, and unconditionally reverse and transfer back all the equity interest of the Target Company registered under the names of Guohua Jianye and Zhongjing Tianyuan to Zhonghaihang Guangdong.

If, due to Zhonghaihang Guangdong's unilateral reasons, Zhonghaihang Guangdong delays the transfer of equity interest as stipulated under the Cooperation Agreement for over 30 days, Guohua Jianye and Zhongjing Tianyuan may unilaterally give notice to terminate the Cooperation Agreement, and Zhonghaihang Guangdong shall refund an amount equivalent to two times of the Deposit to Guohua Jianye and Zhongjing Tianyuan.

## **Corporate governance of the Target Company**

After payment of the Deposit by Guohua Jianye and Zhongjing Tianyuan, the parties shall effect the following changes in the Target Company's corporate governance structure:

- (i) the board of directors of the Target Company will comprise three directors, and each of Zhonghaihang Guangdong, Guohua Jianye and Zhongjing Tianyuan is entitled to nominate one director;
- (ii) Zhonghaihang Guangdong is entitled to nominate the chairman, the legal representative and the supervisor; and
- (iii) Guohua Jianye is entitled to nominate the general manager and the chief financial officer.

Within 10 business days after the payment of the Second Installment by Guohua Jianye and Zhongjing Tianyuan to the Target Company and the entering into of the Project Agreement, the legal representative of the Target Company shall be changed to a person nominated by Guohua Jianye.

## **Responsibilities of the parties**

Zhonghaihang Guangdong is responsible for obtaining requisite government approvals and liaising with village organizations and villagers, and organizing the formulation of compensation plans for demolition and resettlement.

Guohua Jianye and Zhongjing Tianyuan are responsible for overall planning and implementation of and fund-raising for the Project, based on the construction, cost control, marketing and financing plans agreed by all the shareholders of the Target Company.

## **Other covenants**

- (i) Guohua Jianye and Zhongjing Tianyuan undertake to Zhonghaihang Guangdong that the 30% equity interest held by Zhonghaihang Guangdong in the Target Company will not be further diluted.
- (ii) Within three years after the signing of the Cooperation Agreement, none of Zhonghaihang Guangdong, Guohua Jianye and Zhongjing Tianyuan (the "**Shareholder(s)**") may, without prior consent of other Shareholders, transfer any equity interest held by them in the Target Company to any other party who is not a Shareholder. Any transferor in breach of this covenant shall pay 40% of the consideration for such transfer as liquidated damages to the other Shareholders, who will be entitled to such amount of liquidated damages in proportion to their respective shareholding interest in the Target Company.

- (iii) The cost of any financing introduced by Guohua Jianye and Zhongjing Tianyuan for the Project shall not exceed 12% per annum, any excess of which shall be borne by Guohua Jianye and Zhongjing Tianyuan respectively.

## **THE YACHEN COOPERATION AGREEMENT**

### **Date**

19 July 2021

### **Parties**

- (i) Guohua Jianye; and
- (ii) Beijing Yachen.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Beijing Yachen and its ultimate beneficial owner are Independent Third Parties.

### **Cooperation arrangements**

Pursuant to the Yachen Cooperation Agreement, the parties agreed that:

- (i) the obligations and liabilities of Guohua Jianye under the Cooperation Agreement, including all payment and funding obligations, shall be borne by Beijing Yachen;
- (ii) all the shareholders' rights and interests enjoyed by Guohua Jianye under the Cooperation Agreement (including but not limited to any distributions by the Target Company, the proceeds from the sale of equity interest, its voting rights in the Target Company's shareholder meetings and board meetings) shall belong to Beijing Yachen, subject to paragraph (iv) below;
- (iii) Guohua Jianye will be responsible for providing the project development and management services in respect of the Project ("**Services**"), including the planning and construction design for the Project, and Guohua Jianye's income from the Project will be derived from the Services provided for the Project;

- (iv) if Guohua Jianye or its designated entity is unable to enter into the agreement with the Target Company in relation to the provision of Services for the Project within three years after the signing of the Cooperation Agreement, (a) the return on the equity interest held by Guohua Jianye (including but not limited to any distribution by the Target Company and the proceeds from the sale of equity interest) in the Target Company will be reallocated to Guohua Jianye and Beijing Yachen based on the ratio of 2:8 and (b) such reallocation of return will apply retrospectively from the date of the Cooperation Agreement; and
- (v) the cost of any financing introduced by Beijing Yachen to the Target Company shall not exceed 12% per annum, and any excess of which shall be solely borne by Beijing Yachen.

Beijing Yachen shall pay the funds to Guohua Jianye's designated account two working days before the deadline for each payment obligation of Guohua Jianye under the Cooperation Agreement.

In the event that Beijing Yachen defaults in the payment of any amounts payable under the Cooperation Agreement for over 30 days which causes Zhonghaihang Guangdong to unilaterally notify the termination of the Cooperation Agreement, forfeit the Deposit and reverse all equity interest transferred to Guohua Jianye, Beijing Yachen shall be liable for such breach.

As at the date of this announcement, the Target Company is wholly-owned by Zhonghaihang Guangdong. Upon completion of the equity transfers contemplated under the Cooperation Agreement, the Target Company will be legally owned as to 35% by Guohua Jianye, 35% by Zhongjing Tianyuan and 30% by Zhonghaihang Guangdong. By virtue of the Yachen Cooperation Agreement, the 35% equity interest held by Guohua Jianye in the Target Company will not be accounted for in the Group's consolidated financial statements.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company is a limited liability company established in the PRC in January 2019. As at the date of this announcement, the Target Company is wholly-owned by Zhonghaihang Guangdong, and its registered capital is RMB100 million, of which RMB40 million has been paid up.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Target Company is principally engaged in real estate project investment, development and operation; urban infrastructure construction; shanty town renovation project investment; water conservancy, hydropower, and transportation infrastructure construction; and investment, construction, and operation of cultural and tourism projects, ports and docks.

## Financial information of the Target Company

Set out below is certain unaudited financial information of the Target Company based on the unaudited management accounts of the Target Company, prepared in accordance with the PRC Accounting Standards, for the year ended 31 December 2020:

	<b>For the year ended 31 December 2020 (RMB) approximately</b>
Net loss before and after tax	60,000,000

*Note: The Target Company commenced operations in 2020 and had not recorded any revenue or profit or loss for the year ended 31 December 2019.*

The unaudited total asset value and net liabilities of the Target Company as at 31 May 2021 were nil and RMB20,000,000, respectively.

## INFORMATION OF THE GROUP

The Group is principally engaged in (i) trading of goods, (ii) the finance leasing business, (iii) the money lending business, (iv) the security and future brokerage business, (v) international air and sea freight forwarding and the provision of logistics services, (vi) trading of securities, (vii) property investment business, (viii) the property brokerage business, (ix) the building architecture and interior design business, (x) heating and cooling supply by geothermal energy, (xi) construction contracting services, (xii) centralised heating business and (xiii) property development and project management business.

Guohua Jianye is a limited liability company established in the PRC in January 2019, which is an indirect wholly-owned subsidiary of the Company. Guohua Jianye is an investment holding company, and the principal business activities of the entities which it has invested in include property development, construction design, technical consulting and property management.

## INFORMATION OF THE OTHER PARTIES

### Zhonghaihang Guangdong

Zhonghaihang Guangdong is a limited liability company established in the PRC in December 2018. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries:

- (i) Zhonghaihang Guangdong's principal business activities include investment, development, operation and management of cultural and tourism projects, urban infrastructure construction, shanty town renovation project investment and urban development; and
- (ii) Zhonghaihang Guangdong is held as to (a) 40% by 中國海洋航空集團有限公司 (China Ocean Airlines Group Co., Ltd.\*) (being a state-owned enterprise established in the PRC), (b) 35% by 廣東五鑫投資集團有限公司 (Guangdong Wuxin Investment Group Co., Ltd.\*) which is in turn held as to 80% by 康素華 (Kang Suhua\*) and 20% by 鄭慧 (Zheng Hui\*), and (c) 25% by 中聯拓鑫 (北京) 商務服務有限公司 (Zhonglian Tuoxin (Beijing) Business Service Co., Ltd.\*) which is in turn held as to 51% by 王惠東 (Wang Huidong\*) and 49% by 吳崇林 (Wu Chonglin\*).

### Zhongjing Tianyuan

Zhongjing Tianyuan is a limited liability company established in the PRC in August 2017. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries:

- (i) Zhongjing Tianyuan's principal business activities include project investment and management, economic and trade consulting, investment consulting, enterprise management consulting, enterprise restructuring and purchasing consulting services and investment and establishment of industries; and
- (ii) Zhongjing Tianyuan is held as to (a) 67% by 深圳市天圓科技控股有限公司 (Shenzhen Tianyuan Technology Holdings Co., Ltd.\*), which is in turn held as to 51% by 盛娜 (Sheng Na\*) and 49% by 趙航 (Zhao Hang\*); and (b) 33% by 戴成龍 (Dai Chenglong\*).

## **Beijing Yachen**

Beijing Yachen is a limited liability company established in the PRC in June 2020. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries:

- (i) Beijing Yachen is principally engaged in business management and property investment; and
- (ii) Beijing Yachen is wholly owned by All Land Limited (雅倫有限公司), which is in turn ultimately held as to 100% by 丁雅倫 (Ding Yalun\*).

## **INFORMATION OF THE PROJECT**

The Project is the reconstruction project of Zhuangtian Village, Yuanxi Street, Yuancheng District, Heyuan City, Guangdong Province (廣東省河源市源城區源西街莊田村), and is a model project of the “Three Olds (三舊)” reconstruction in Heyuan City.

The reconstruction area is located on both banks of Xinfeng River (新豐江兩岸), with Baoyuan 2nd Road (寶源二路) in the north and Xinfeng River (新豐江) in the south. The planned area of the Project is approximately 800,000 square meters. The Project will mainly be focused on residential and commercial development, with landmark design and structures such as hotels and parks.

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

The Project is a model project of the “Three Olds (三舊)” reconstruction in Heyuan City. In addition to the development of residential and commercial land, the Project includes the overall multi-faceted reconstruction of the area with landmark designs and structures such as hotels and parks. Accordingly, the Group considers that the Project has great development potential.

Zhonghaihang Guangdong has conducted substantial ground work and signed a series of agreements with the government of Yuancheng District, Heyuan City and its affiliated local economic union on the Project since October 2018. The Group considers that the Target Company will be able to leverage the vast resources of the other parties to the Cooperation Agreement and their extensive experience in urban development, creating synergies for the operation of the Project.

Beijing Yachen enjoys the right to participate the Project and recommended that Guohua Jianye, which has strong project management expertise and operation capability, to participate in the Project and to enter into the Cooperation Agreement. By entering into the Cooperation Agreement and the Yachen Cooperation Agreement, the Group may generate revenue from the Services to be provided by Guohua Jianye to the Project.

Based on the above, the Directors consider that represents a viable business opportunity for its real estate related business segment, the terms and conditions of the Cooperation Agreement and the Yachen Cooperation Agreement are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction is 5% or more and all of the applicable percentage ratios are less than 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to the notification 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:

“Beijing Yachen”	雅辰(北京)企業管理有限公司 (Yachen (Beijing) Enterprise Management Co., Ltd.*), a limited liability company established in the PRC
“Board”	the board of Directors
“Company”	China Best Group Holding Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 370)

“Cooperation Agreement”	the cooperation agreement as amended and supplemented by a supplemental agreement, both dated 19 July 2021, entered into by and among Zhonghaihang Guangdong, Guohua Jianye, Zhongjing Tianyuan and the Target Company in relation to, among other things, the acquisition and investment of up to 35% equity interest in the Target Company by Guohua Jianye
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Guohua Jianye”	深圳國華建業實業有限公司 (Shenzhen Guohua Jianye Industrial Co., Ltd.*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an individual or a company who is not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Project”	the reconstruction project in respect of Zhuangtian Village

“Project Agreement”	the project cooperation agreement to be entered into between the Target Company and the relevant entity of Zhuangtian Village in relation to the Project
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	華祥(廣東)城市建設發展有限公司 (Huaxiang (Guangdong) Urban Construction Development Co., Ltd.*), a limited liability company established in the PRC which is wholly-owned by Zhonghaihang Guangdong as at the date of this announcement
“Transaction”	the transactions contemplated under the Cooperation Agreement and the Yachen Cooperation Agreement
“Yachen Cooperation Agreement”	the cooperation agreement dated 19 July 2021 entered into between Guohua Jianye and Beijing Yachen for the purpose of the Project and the Cooperation Agreement
“Zhonghaihang Guangdong”	中海航(廣東)投資有限公司 (Zhonghaihang Guangdong Investment Co., Ltd.*), a limited liability company established in the PRC
“Zhongjing Tianyuan”	深圳中經天圓投資發展有限公司 (Shenzhen Zhongjing Tianyuan Investment Development Co., Ltd.*) (formerly known as 深圳華瀚城市智慧運營有限公司 (Shenzhen Huahan City Smart Operation Co., Ltd.*)), a limited liability company established in the PRC
“Zhuangtian Village”	Zhuangtian Village, Yuanxi Street, Yuancheng District, Heyuan City, Guangdong Province (廣東省河源市源城區源西街莊田村)

“%”

per cent.

\* *for identification purpose only*

By Order of the Board  
**China Best Group Holding Limited**  
**Mr. Qin Jie**  
*Executive Director and Chief Executive Officer*

Hong Kong, 19 July 2021

*As at the date of this announcement, the Board comprises five executive Directors, namely, Ms. Wang Yingqian (Chairman), Mr. Qin Jie (Chief Executive Officer), Mr. Liu Wei, Mr. Chen Wei and Mr. Fan Jie, and three independent non-executive Directors, namely, Mr. Ru Xiangnan, Mr. Liu Haiping and Mr. Liu Tonghui.*