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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)

**PROPOSED CHANGE OF AUDITORS,
PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL,
REFRESHMENT OF GENERAL MANDATE, AND
REFRESHMENT OF THE SCHEME MANDATE LIMIT UNDER
THE SHARE OPTION SCHEME**

Financial adviser to the Company



WALLBANCK BROTHERS

Securities (Hong Kong) Limited

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



PROPOSED CHANGE OF AUDITORS

The Board announces that Deloitte has resigned as the auditor of the Company with effect from 20 August 2008 and Shinewing was proposed to be appointed as the auditor of the Company to fill the casual vacancy following the resignation of Deloitte as the auditors of the Company, and to hold office until the conclusion of the next annual general meeting of the Company subject to the approval of the Shareholders at the SGM.

* For identification purpose only

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Company also proposes to increase its authorised share capital from HK\$600,000,000 to HK\$2,500,000,000 by the creation of an additional 38,000,000,000 new Shares in order to provide for further flexibility and to accommodate further expansion and growth of the Company. The proposed Capital Increase is conditional upon the passing of an ordinary resolution by the Shareholders at the SGM. No Shareholder is required to abstain from voting on the resolution approving the Capital Increase.

PROPOSED REFRESHMENT OF PREVIOUS GENERAL MANDATE

The Directors were authorised to allot and issue up to 1,241,197,230 Shares pursuant to the Previous General Mandate. Upon completion of the Top-Up Placing in July 2008, the Previous General Mandate has been used by 1,240,000,000 Shares. The Board therefore proposes to seek the approval of the Independent Shareholders to refresh the Previous General Mandate at the SGM.

An Independent Board Committee, comprising the independent non-executive Directors, will be formed to advise the Independent Shareholders on the refreshment of the Previous General Mandate and Guangdong Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the refreshment of the Previous General Mandate.

REFRESHMENT OF THE SCHEME MANDATE LIMIT UNDER THE SHARE OPTION SCHEME

Under the Share Option Scheme, the maximum number of Shares in respect of which options may be granted shall not exceed the Scheme Mandate Limit of the issued share capital of the Company as at the date of adoption of the Share Option Scheme. The Board proposes an ordinary resolution to refresh the Scheme Mandate Limit to reflect the current situation of the Company. The proposed refreshment of Scheme Mandate Limit is conditional upon the passing of an ordinary resolution by the Shareholders at the SGM.

PROPOSED CHANGE OF AUDITORS

The Board of the Company announces that Deloitte has resigned as the auditor of the Company and its subsidiaries with effect from 20 August 2008 and Shinewing was proposed to be appointed as the auditor of the Company and its subsidiaries to fill the casual vacancy following the resignation of Deloitte as the auditors of the Company, and to hold office until the conclusion of the next annual general meeting of the Company. The appointment of Shinewing as auditors is conditional upon passing of an ordinary resolution by the Shareholders at the SGM pursuant to the clause 157 of the Bye-laws of the Company.

The reason for the change of the auditors is that the Company could not reach consensus with Deloitte on the audit fee for the year ending 31 December 2008 and more acceptable fee is offered by Shinewing which the Board considers it to be in the interests of the Company and its shareholders as a whole.

Deloitte has confirmed that there are no circumstances connected with their resignation which they consider should be brought to the attention of the shareholders or creditors of the Company. The Board confirms that there are no circumstances in respect of the change of auditors which should be brought to the attention of the shareholders of the Company.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board also wishes to announce that in order to provide for flexibility and to accommodate future expansion and growth of the Company, the Company proposes to increase its authorised share capital from HK\$600,000,000 to HK\$2,500,000,000 by the creation of an additional 38,000,000,000 new Shares of HK\$0.05 each.

As at the date of this announcement, the authorised share capital of the Company is HK\$600,000,000 divided into 12,000,000,000 Shares, of which 10,548,979,229 Shares have been issued and fully paid or credited as full paid.

The Board has no present intention to issue any part of the increased authorised share capital of the Company and no definition plan of expansion has been authorised by the Company as at the date of this announcement.

The proposed Capital Increase is conditional upon the passing of an ordinary resolution by the Shareholders at the SGM. No Shareholder is required to abstain from voting on the resolution approving the Capital Increase.

REFRESHMENT OF PREVIOUS GENERAL MANDATE

The Directors were authorised to allot and issue up to 1,241,197,230 Shares pursuant to the Previous General Mandate. Upon Completion of the Top-up Placing, the Previous General Mandate had been used by 1,240,000,000 Shares. The Board therefore proposes to seek the approval of the Independent Shareholders to renew the Previous General Mandate at the SGM.

An Independent Board Committee, comprising the independent non-executive Directors, will be formed to advise the Independent Shareholders on the refreshment of the Previous General Mandate and Guangdong Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee on the terms of the refreshment of the Previous General Mandate.

Best Chance as the Controlling Shareholder together with its associates will abstain from voting on the resolution for the refreshment of the Previous General Mandate at the SGM pursuant to Rule 13.36(4) of the Listing Rules.

REFRESHMENT OF THE SCHEME MANDATE LIMIT UNDER THE SHARE OPTION SCHEME

Under the Share Option Scheme, the maximum number of Shares in respect of which options may be granted shall not exceed the Scheme Mandate Limit of the issued share capital of the Company as at the date of adoption of the Share Option Scheme. The Board proposes an ordinary resolution to refresh the Scheme Mandate Limit to reflect the current situation of the Company.

GENERAL

An Independent Board Committee, comprising the independent non-executive Directors, will be formed to advise the Independent Shareholders on the refreshment of the Previous General Mandate and Guangdong Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee on the terms of the refreshment of the Previous General Mandate.

A circular containing, among other things, (i) the proposed change of auditors; (ii) the proposed increase in authorised share capital of the Company; (iii) the refreshment of the Previous General Mandate to issue Shares; (iv) the refreshment of the Scheme Mandate Limit under the Share Option Scheme; (v) a letter from the Independent Board Committee to the Independent Shareholders; (vi) a letter from Guangdong Securities to advise the Independent Board Committee on the refreshment of the Previous General Mandate; and (vii) a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors
“Best Chance”	Best Chance Holdings Limited, the registered holder of 3,170,808,000 Shares and a company wholly owned by Mr. Wang Jian Hua
“Bye-laws”	the Bye-laws of the Company adopted at the special general meeting of the Company held on 5 March 1996 as may be amended from time to time
“Capital Increase”	the proposal to increase the authorised share capital of the Company from HK\$600,000,000 to HK\$2,500,000,000 by the creation of an additional 38,000,000,000 new Shares of HK\$0.05 each
“Company”	China Best Group Holding Limited
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Deloitte”	Deloitte Touche Tohmatsu
“Directors”	the directors of the Company

“Guangdong Securities” or “Independence Financial Adviser”	Guangdong Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activity as defined under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the refreshment of the Previous General Mandate
“Independent Board Committee”	an independent committee of the Board, comprising all of the independent non-executive Directors, to advise the Independent Shareholders in respect of the refreshment of the Previous General Mandate
“Previous General Mandate”	the general mandate approved by the Shareholders on 30 May 2008 authorising the Directors to allot and issue Shares up to 20% of the issued share capital of the Company as at that date
“Independent Shareholders”	the Shareholders other than the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates
“Listing Rules”	the Rules governing the Listing of Securities on the Stock Exchange
“Mr. Wang Jian Hua”	the registered holder of 131,982,000 Shares
“Shinewing”	ShineWing (HK) CPA Limited
“Scheme Mandate Limit”	403,237,566 Shares, being 10% of the issued share capital of the Company as at the date of adoption of the Share Option Scheme
“SGM”	the special general meeting of the Company to be convened to consider, and if thought fit, approve the appointment of auditors, refreshment of the Previous General Mandate, refreshment of the Scheme Mandate Limit and the increase in authorised share capital

“Share Option Scheme”	the share option scheme adopted on 18 March 2002 under which option holder(s) can subscribe for existing Shares upon the exercise of options granted under the Share Option Scheme
“Shareholder”	shareholder(s) of the Company
“Shares”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top-up Placing”	The placing of 1,240,000,000 Shares pursuant to the terms of the placing and subscription agreement dated 30 June 2008 entered into between Best Chance as vendor and KCG Securities Asia Limited as placing agent as announced by the Company on 2 July 2008
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

By order of the Board
China Best Group Holding Limited
Ma Jun Li
Chairman

Hong Kong, 20 August 2008

As at the date of this announcement, the Board comprises 6 executive Directors, namely, Ms. Ma Jun Li, Mr. Ng Tang, Mr. Zhang Da Qing, Mr. Ren Zheng, Ms. Cheung Hoi Ping and Mr. Zhang Jun; and 3 independent non-executive Directors, namely, Ms. Chung Kwo Ling, Mr. Sun Yeung Yeung and Mr. Lee Yuen Kwong.