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CHINA BEST GROUP HOLDING LIMITED

國華集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 370)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE TENANCY AGREEMENT
FURTHER SUPPLEMENTAL ANNOUNCEMENT**

Reference is made to the announcements of China Best Group Holding Limited (the “**Company**”) dated 23 and 25 February 2022 (the “**Announcements**”) in relation to the Tenancy Agreement. Unless otherwise defined, capitalised terms used herein shall have the same meaning as defined in the Announcements.

The Board would like to provide the Shareholders and potential investors of the Company with certain updates in relation to the Tenancy Agreement and the development of the metaverse offline experience project:

FURTHER UPDATE ON THE TENANCY AGREEMENT

Although the Group conducted due diligence works before entering into the Tenancy Agreement, it is allowed to obtain more detailed construction drawings and other information about the Premises from the Landlord only after the execution of the Tenancy Agreement. Immediately after having access to these information, the Group engaged an independent professional party to further assess the legitimate uses of the Premises for commercial operation. According to the assessment of that independent professional party, there is a risk that the Premises will not be able to go through fire safety related procedures for implementing the metaverse offline experience projects of the Group due to the lack of certainty in the business usage of the Premises, which will result in the failure to commence operation in the Premises as originally planned.

* *For identification purpose only*

In view of the above-mentioned risks, the Group had discussed with the Landlord and assessed various feasible solutions but eventually the parties failed to come up with a consensus. Due to the uncertainty involved, the Tenant did not pay the first quarterly rent within five business days from the date of signing the Tenancy Agreement, that is, on or before 2 March 2022. Pursuant to the Tenancy Agreement, if the first quarterly rent was not paid within the prescribed time limit, the Tenancy Agreement would cease its legally binding effect. In other words, the Tenancy Agreement was terminated accordingly (the “**Tenancy Termination**”).

The Board considered that further implementation of the Tenancy Agreement may lead to financial losses and legal liabilities to the parties and believed that the refusal of payment of first quarterly rent and the Tenancy Termination are in the interests of the Company and its Shareholders as a whole.

The Group will keep negotiating with the Landlord for the Premises. Should the Group decide not to proceed with the negotiation, it will demand the Landlord to refund the deposit of RMB3.62 million. In case that there is any agreement on the Premises, the Company will make further announcement in accordance with the requirements of the Listing Rules.

FURTHER UPDATE ON THE METAVERSE OFFLINE EXPERIENCE PROJECT

The Company considered that the Tenancy Termination will not significantly affect the business plan of the metaverse offline experience project of the Group. As the Group noticed, there are numerous vacant properties in central cities of the PRC which urge for upgrading and transformation. Prior to the execution of the Tenancy Agreement, the Group had also been in negotiation with other landlords in relation to alternative venues in Beijing and Xi’an which may be suitable to the operation of the Group’s metaverse offline experience project. The Group will reactivate such negotiation and reassess the feasibility of those venues for the intended business usage as soon as practicable with the aim of keeping up with the progress of the Group’s metaverse offline experience project.

In case that there is any agreement in respect of other appropriate locations, the Company will make further announcement in accordance with the requirements of the Listing Rules.

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

Hong Kong, 8 March 2022

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. Fan Jie, Mr. Li Haitao and Ms. Tao Lei, and four independent non-executive Directors, namely, Mr. Ru Xiangnan, Mr. Liu Haiping, Mr. Liu Tonghui and Ms. Yin Meiqun.