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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)

VOLUNTARY ANNOUNCEMENT
MEMORANDUM OF UNDERSTANDING
IN RELATION TO POTENTIAL INVESTMENT

This announcement is made by China Best Group Holding Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) on a voluntary basis to keep the shareholders of the Company and public investors informed of the latest business development of the Group.

The board of directors of the Company (the “**Board**”) announces that the Company has entered into a memorandum of understanding (the “**MOU**”) on 15 August 2018 with Beijing Tian Di Da Mei Hotel Management Company Limited* (北京天地大美酒店管理有限公司) (the “**Target Company**”), pursuant to which the Company intends to, directly or through its subsidiary, invest in the Target Company by way of subscribing its new shares in amount of not more than HK\$25 million (the “**Potential Investment**”). Upon completion of the Potential Investment, the Target Company will not be a subsidiary of the Company. The Target Company is principally engaged in the management of a series of boutique hotels under the brand name of “Hidden Place (隱廬)” in the People’s Republic of China.

* *For identification purpose only*

The MOU shall remain in effect for a term of 2 months from the date of the MOU (the “**Exclusivity Period**”) or until the date of execution of a legally binding definitive agreement or such longer period as may be agreed, whichever is earlier. During the Exclusivity Period, the Target Company agreed that, inter alia, it or its affiliates or their agents shall not enter into any negotiation, arrangement or agreement with any other party relating to investment in shares of the Target Company (the “**Exclusivity**”).

The Company and the Target Company shall use all reasonable efforts to negotiate with each other the terms and conditions of the Potential Investment with a view of entering into a legally binding definitive agreement. Save for the Exclusivity, the confidentiality term, the effective period of the MOU and certain other miscellaneous terms, the MOU is not legally binding in nature. The Company will carry out due diligence review on the Target Company pursuant to the MOU.

The Company will keep its shareholders and potential investors informed of any material development in connection with the Potential Investment by way of further announcement(s) as and when appropriate in compliance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Potential Investment is subject to further negotiation and results of the due diligence review, which may or may not materialize. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Executive Director and Chief Executive Officer

Hong Kong, 15 August 2018

As at the date of this announcement, the Board comprises three executive directors, namely, Mr. Liu Wei, Mr. Chen Wei and Mr. Fan Jie, one non-executive director, namely, Ms. Wang Yingqian, and three independent non-executive directors, namely, Mr. Liu Haiping, Mr. Liu Tonghui and Mr. Ru Xiang.