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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)

**UPDATE ON PROFIT GUARANTEE IN RELATION TO
ACQUISITION OF ENTIRE EQUITY INTEREST IN BEIJING YUEHAI
ENTERPRISE MANAGEMENT CO., LTD.***

Reference is made to the announcements of China Best Group Holding Limited (the “**Company**”) dated 18 February 2020 and 24 March 2020 (the “**Announcements**”) in relation to the acquisition of the entire equity interest in Beijing Yuehai Enterprise Management Co., Ltd.* (北京岳海企業管理有限公司) (the “**Target Company**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

Pursuant to the Agreement, the Vendors irrevocably and unconditionally guaranteed to the Purchaser that the Net Profit for the three years ending 31 December 2020, 2021 and 2022 and the Profit Guarantee Periods (the “**Relevant Periods**”) shall not be less than the following amounts (the “**Guaranteed Profit**”):

Relevant Periods	Guaranteed Profit
the period commencing from 1 January 2020 and ending on 31 December 2020 (the “ Year of 2020 ”)	Not less than RMB10,000,000
the period commencing from 1 January 2021 and ending on 31 December 2021	Not less than RMB13,000,000
the period commencing from 1 January 2022 and ending on 31 December 2022	Not less than RMB17,000,000
Profit Guarantee Periods	Not less than RMB40,000,000

* For identification purpose only

According to the audited consolidated financial statements of the Target Group dated 23 June 2021, the audited net loss (excluding all non-recurring income except for government subsidies) is approximately RMB14,064,000 and therefore the Target Group has failed to meet the Guaranteed Profit of RMB10,000,000 for the Year of 2020. Pursuant to the Agreement, the Purchaser has refused to issue the 2020 profit confirmation notice to the Vendors and shall withhold the Second Payment in amount of RMB10,000,000.

The failure of the Target Group to meet the Guaranteed Profit of RMB10,000,000 for the Year of 2020 was mainly attributable to (i) lower-than-expected occupancy rate of residential projects located in Henan Province; (ii) difficulties in obtaining necessary permits to utilise geothermal energy in projects located in Hebei Province; (iii) increase in operation costs.

The Board (including the independent non-executive Directors) is of the view that (i) save as disclosed, there is no any other adjustment in the consideration for the Transaction, any other consequence or any other obligation of the Vendors under the profit guarantee; (ii) the Group is not provided with any option to sell the acquired equity interest to any of the Vendors under the Agreement; and (iii) the decision of withholding the Second Payment in amount of RMB10,000,000 is fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Company will keep its shareholders and potential investors informed of any further update on the Guaranteed Profit during the Profit Guarantee Periods as and when appropriate in compliance 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, 25 June 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.