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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)

INSIDE INFORMATION

This announcement is made by China Best Group Holding Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces that two customers of the Group’s trading business, namely, Shenzhen Wu Feng Ying Technology Co., Ltd.* (深圳市五豐盈科技有限公司) (“**Wu Feng Ying**”) and Shenzhen Feng Lei Industrial Co., Ltd.* (深圳市風雷實業有限公司) (“**Feng Lei**”), have been found deregistered. As at the date of this announcement, the trade receivables due from Wu Feng Ying and Feng Lei amounted to approximately RMB133.30 million (equivalent to approximately HK\$153.30 million) and approximately RMB23.94 million (equivalent to approximately HK\$27.53 million) respectively. All sales to Wu Feng Ying and Feng Lei were guaranteed by Shenzhen Shi Jia Hao Commercial Operation Co., Ltd.* (深圳市世佳豪商業運營有限公司) (“**Shi Jia Hao**”). Shi Jia Hao has been also found deregistered.

* For identification purpose only

Wu Feng Ying

When the Group's staff went to visit Wu Feng Ying for debts collection in the middle of January 2023, it was discovered that the business premise of Wu Feng Ying had been closed. Accordingly, the Group's trading business team searched the status of Wu Feng Ying in database kept by the local government commercial bureau and discovered that Wu Feng Ying had been deregistered. It was subsequently confirmed by the person in charge of Wu Feng Ying that Wu Feng Ying was deregistered mainly because it was unable to collect receivables from its clients and was in an insolvent position. The Group had discussed and negotiated with the beneficial owner of Wu Feng Ying but was advised that the Group could exercise its rights against Shi Jia Hao.

Feng Lei

As alerted by the status of Wu Feng Ying, the Group's trading business team immediately searched the other customer's status and discovered that Feng Lei had also been deregistered. The Group contacted the person in charge of Feng Lei and was informed that Feng Lei was deregistered mainly due to fatal cashflow issues resulted from difficult business operation during the period of deteriorated COVID-19 pandemic situation in 2022. The Group had discussed and negotiated with the beneficial owner of Feng Lei but was advised that the Group could exercise its rights against Shi Jia Hao.

Shi Jia Hao

Immediately after knowing the deregistration of Wu Feng Ying and Feng Lei, the Group approached the beneficial owner of Shi Jia Hao and urged Shi Jia Hao, as the guarantor, to repay the overdue amounts from Wu Feng Ying and Feng Lei in accordance with the related guarantee contracts. However, in late February 2023, the Group was informed by Shi Jia Hao that it had encountered insolvency problems and had also been deregistered. The Group's trading business team performed the company search and ascertained the status of Shi Jia Hao.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, (i) Wu Feng Ying was ultimately held by Mr. Luo Cunchun* (羅存春); (ii) Feng Lei was ultimately held as to 95% by Mr. Fang Zhuoyuan* (房卓源) and as to 5% to Mr. Yang Feng* (楊峰); (iii) Shi Jia Hao was ultimately held by Mr. Li Enqiang* (李恩强); and (iv) Wu Feng Ying, Feng Lei, Shi Jia Hao and their respective beneficial owner(s) are third parties independent of the Company and its connected persons (as ascribed under the Listing Rules).

The Group had instructed its PRC legal adviser to demand Wu Feng Ying, Feng Lei, Shi Jia Hao and their respective beneficial owner(s) (the “**Defaulted Persons**”) for settlement of the overdue amounts and had engaged the PRC legal adviser to assist in assessing possible legal actions (including but not limited to initiating court proceedings) and to act on the Group’s behalf. As at the date of this announcement, the Group is still assessing the possibility of collecting overdue amounts owed by the Defaulted Persons and the appropriate actions to be taken. Should there be any need of impairment of significant part or entire of the aggregated overdue amounts of approximately RMB157.24 million (equivalent to approximately HK\$180.83 million) owed by the Defaulted Persons, the Group would be expected to record a significant loss for the year ending 31 March 2023.

The Company will make further announcement(s) in relation to the progress of actions against the Defaulted Persons in accordance with the requirements of the Listing Rules.

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. Qin Jie

Executive Director and Chief Executive Officer

Hong Kong, 23 March 2023

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 three independent non-executive Directors, namely, Mr. Liu Tonghui, Ms. Yin Meiqun and Mr. Ye Jianmu.