CHINA BEST GROUP HOLDING LIMITED
國華集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 370)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

The board of directors (the "Board") of China Best Group Holding Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010, together with the comparative figures for the year ended 31 December 2009, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2010

	NOTES	**2010** **HK$'000**	2009 HK$'000
Turnover	*3*	**61,417**	245,778
Revenue	*4*	**7,860**	6,661
Cost of sales		**(4,781)**	(4,666)
Gross profit		**3,079**	1,995
Other income	*5*	**406**	323
Administrative expenses		**(33,439)**	(31,396)
Fair value change on investment property		**(360)**	(143)
Realised gain on investments held for trading		**127**	19,199
Fair value loss on investments held for trading		**(23,619)**	(582)
Loss on deregistration of subsidiaries		**(1,208)**	–
Gain on disposal of subsidiaries		**–**	17,130
Loss on disposal of an associate		**–**	(114)
Finance costs	*6*	**(268)**	(93)
(Loss) profit before tax		**(55,282)**	6,319
Income tax (expenses) credit	*7*	**(10)**	43

* *For identification purpose only*

	NOTES	2010 HK$'000	2009 HK$'000
(Loss) profit for the year		**(55,292)**	6,362
Other comprehensive (expenses) income			
Exchange differences arising on translation		**6,649**	(492)
Release of exchange differences upon disposal of subsidiaries		**–**	(933)
Reclassification adjustment for cumulative exchange gain included in profit or loss upon deregistration of subsidiaries		**(5,971)**	–
Total comprehensive (expenses) income for the year		**(54,614)**	4,937
(Loss) profit for the year attributable to:			
Owners of the Company		**(55,255)**	6,362
Non-controlling interests		**(37)**	–
		(55,292)	6,362
Total comprehensive (expenses) income attributable to:			
Owners of the Company		**(54,587)**	4,937
Non-controlling interests		**(27)**	–
		(54,614)	4,937
(Loss) earnings per share			
– Basic and diluted (HK cents)	*8*	**(2.62) cents**	0.3 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	NOTES	**2010**	2009
		HK$'000	*HK$'000*
Non-current assets			
Plant and equipment		**571**	713
Investment property		**1,500**	1,860
Available-for-sale investments		**7,500**	7,500
		9,571	10,073
Current assets			
Trade and other receivables	*9*	**2,274**	1,754
Tax recoverable		**–**	44
Held for trading investments		**74,533**	53,741
Deposits placed with security brokers		**609**	9,014
Bank balances and cash		**248,196**	314,504
		325,612	379,057
Current liabilities			
Trade and other payables	*10*	**14,842**	14,014
Tax liabilities		**5,600**	5,600
Margin loan payables		**–**	161
		20,442	19,775
Net current assets		**305,170**	359,282
Total assets less current liabilities		**314,741**	369,355
Capital and Reserves			
Share capital		**105,490**	105,490
Share premium and reserves		**209,278**	263,865
Equity attributable to owners of the Company		**314,768**	369,355
Non-controlling interests		**(27)**	–
Total Equity		**314,741**	369,355

Notes:

1. BASIS OF PRESENTATION

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRS 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
Hong Kong Accounting Standard ("HKAS") 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions from First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Interpretation ("Int") 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

HKFRS 3 (Revised 2008) Business Combinations

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

For the losses incurred by loss-making subsidiary companies, the Group is required by the revised standard to account for the losses attributable to its non-controlling interests even if that results in a deficit balance for the non-controlling interests in the Group's accounts.

Results, of the Group in future periods, may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

Amendment to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. The amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendment to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases. The adoption of Amendment to HKAS 17 "Leases" had no material impact on the consolidated financial statements.

The application of the other new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (Revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[6]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

[1] *Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.*

[2] *Effective for annual periods beginning on or after 1 February 2010.*

[3] *Effective for annual periods beginning on or after 1 July 2010.*

[4] *Effective for annual periods beginning on or after 1 January 2011.*

[5] *Effective for annual periods beginning on or after 1 July 2011.*

[6] *Effective for annual periods beginning on or after 1 January 2012.*

[7] *Effective for annual periods beginning on or after 1 January 2013.*

HKFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

– HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

– The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard will have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled Disclosures – Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors of the Company do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised version of the Standard is applied in future accounting periods because certain counterparties that did not previously meet the definition of a related party may come within the scope of the Standard.

The amendments to HKAS 32 titled Classification of Rights Issues address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to HKAS 32 will have an impact on the classification of those rights issues.

The amendments to HK(IFRIC)-Int 14 require entities to recognise as an economic benefit any prepayment of minimum funding requirement contributions. As the Group has no defined benefit scheme, the amendments are unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, HK(IFRIC)-Int 19 will affect the required accounting. In particular, under HK(IFRIC)-Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

The directors of the Company anticipate that the application of other new and revise standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER

Turnover represents the amounts received and receivable from the provision of international air and sea freight forwarding services, gross proceeds from disposal of investments held for trading and dividend income, during the year.

	2010	2009
	HK$'000	*HK$'000*
Provision of international air and sea freight forwarding services	**6,334**	6,016
Gross proceeds from disposal of investments held for trading	**53,557**	239,117
Dividend income from investments held for trading	**1,526**	645
	61,417	245,778

4. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker (i.e. the board of directors of the Company) for the purpose of resource allocation and performance assessment are as follows:

a) International air and sea freight forwarding

Engaged in the provision of international air and sea freight forwarding and logistic services to customers

b) Securities trading

Engaged in trading of equity securities

c) Manufacture and sales of coke

Engaged in manufacture and sales of coke products to customers

Although the manufacture and sales of coke segment does not meet the quantitative thresholds required by HKFRS 8, management has concluded that this segment should be reported, as it is expected to materially contribute to group revenue in the future.

Information regarding the above segments is reported below.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments.

	International air and sea freight forwarding *HK$'000*	**Securities trading** *HK$'000*	**Manufacture and sales of coke** *HK$'000*	**Consolidated** *HK$'000*
Year ended 31 December 2010				
Turnover	**6,334**	**55,083**	**–**	**61,417**
Revenue				
External	**6,334**	**1,526**	**–**	**7,860**
Segment results	**(1,121)**	**(21,993)**	**(1,167)**	**(24,281)**
Unallocated corporate expenses				**(31,117)**
Unallocated other income				**384**
Finance costs				**(268)**
Loss before tax				**(55,282)**

	International air and sea freight forwarding *HK$'000*	Securities trading *HK$'000*	Manufacture and sales of coke *HK$'000*	Consolidated *HK$'000*
Year ended 31 December 2009				
Turnover	6,016	239,762	–	245,778
Revenue				
External	6,016	645	–	6,661
Segment results	(730)	19,262	(2,079)	16,453
Unallocated corporate expenses				(27,068)
Unallocated other income				11
Gain on disposal of subsidiaries				17,130
Loss on disposal of an associate				(114)
Finance costs				(93)
Profit before tax				6,319

Segment results represent the loss from each segment without allocation of central administration costs, directors' emoluments, bank interest income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments.

	International air and sea freight forwarding *HK$'000*	Securities trading *HK$'000*	Manufacture and sales of coke *HK$'000*	Consolidated *HK$'000*
At 31 December 2010				
ASSETS				
Segment assets	**3,471**	**75,142**	**–**	**78,613**
Unallocated corporate assets				**256,570**
Total assets				**335,183**
LIABILITIES				
Segment liabilities	**1,989**	**–**	**–**	**1,989**
Unallocated corporate liabilities				**18,453**
Total liabilities				**20,442**

	International air and sea freight forwarding	Securities trading	Manufacture and sales of coke	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2009				
ASSETS				
Segment assets	4,081	62,755	–	66,836
Unallocated corporate assets				322,294
Total assets				389,130
LIABILITIES				
Segment liabilities	1,553	214	–	1,767
Unallocated corporate liabilities				18,008
Total liabilities				19,775

For the purposes of monitoring segment performances and allocating resources between segments:

– all assets are allocated to reportable segments other than available-for-sale investments, bank balances and cash, the equipment of head office and part of other receivable; and

– all liabilities are allocated to reportable segments other than tax payable and part of other payable.

Other segment information

	International air and sea freight forwarding	Securities trading	Manufacture and sales of coke	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2010					
Amounts included in the measure of segment profit or loss or segment assets:					
Depreciation of plant and equipment	**7**	**–**	**–**	**135**	**142**
Impairment loss recognised in respect of trade receivables	**180**	**–**	**–**	**–**	**180**
Realised gain on investment held for trading	**–**	**(127)**	**–**	**–**	**(127)**
Fair value loss on investments held for trading	**–**	**23,619**	**–**	**–**	**23,619**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss on segment assets:					
Interest revenue	**–**	**–**	**–**	**(228)**	**(228)**
Interest expenses	**–**	**268**	**–**	**–**	**268**
Income tax expenses	**10**	**–**	**–**	**–**	**10**

Note: Non-current assets excluded available-for-sale investments.

	International air and sea freight forwarding	Securities trading	Manufacture and sales of coke	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2009					
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets *(Note)*	–	–	–	1,241	1,241
Depreciation of plant and equipment	15	–	–	635	650
Written off of plant and equipment	–	–	–	438	438
Recovery of bad debts	(163)	–	–	–	(163)
Realised gain on investment held for trading	–	(19,199)	–	–	(19,199)
Fair value loss on investments held for trading	–	582	–	–	582
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss on segment assets:					
Interest revenue	–	–	–	(11)	(11)
Interest expenses	–	93	–	–	93
Income tax credit	(43)	–	–	–	(43)

Note: Non-current assets excluded available-for-sale investments.

Geographical information

International air and sea freight forwarding services are carried out in Singapore, North and South America. Trading of securities are carried out in Hong Kong. The manufacture and sales of coke are carried out in the PRC.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		**Non-current assets**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
North and South America	**3,658**	1,464	**–**	–
PRC and HK	**1,526**	645	**2,071**	2,566
Singapore	**2,676**	4,552	**–**	7
	7,860	6,661	**2,071**	2,573

Non-current assets exclude available-for-sale investments.

Information about major customers

During the years ended 31 December 2010 and 2009, there was no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

5. OTHER INCOME

	2010	2009
	HK$'000	*HK$'000*
Interest income	**228**	11
Exchange gain	**156**	–
Recovery of bad debts	**–**	163
Government grants *(Note)*	**11**	59
Sundry income	**11**	90
	406	323

Note: During the year ended 31 December 2010, a government grant of approximately HK$11,000 (2009:HK$59,000) was granted to the Group in relation to the job credit scheme in Singapore on the condition that the Group has made CPF contributions in Singapore during the year.

6. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on margin loan payables wholly repayable within five years	**268**	93

7. TAXATION

	2010	2009
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**–**	–
Under(over)provision in prior years		
Other jurisdictions	**10**	(43)
	10	(43)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax expenses (credit) for the year can be reconciled to the (loss) profit before tax per the consolidated statement of comprehensive income as follows:

	2010	2009
	HK$'000	*HK$'000*
(Loss) profit before tax	**(55,282)**	6,319
Tax charge at the income tax rate of 16.5% (2009: 16.5%)	**(9,121)**	1,043
Tax effect of expenses not deductible for tax purpose	**5,280**	4,687
Tax effect of income not taxable for tax purpose	**(289)**	(4,843)
Utilisation of tax loss previously not recognised	**–**	(1,736)
Tax effect of tax losses not recognised	**4,292**	1,723
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(162)**	(874)
Under(over)provision in respect of prior years	**10**	(43)
Tax expenses (credit) for the year	**10**	(43)

The major deferred tax liabilities (assets) recognised and movements thereof during the current year and prior year are summarised below:

	Accelerated tax depreciation	**Tax losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2009	82	(82)	–
(Credit) charge to consolidated statement of comprehensive income	(19)	19	–
At 31 December 2009 and 1 January 2010	63	(63)	–
(Credit) charge to consolidated statement of comprehensive income	(8)	8	–
At 31 December 2010	55	(55)	–

At 31 December 2010, the Group has estimated unutilised tax losses of approximately HK$151,572,000 (2009: HK$125,560,000) available for offset against future profits. A deferred tax asset has been recognised in respect of estimated unutilised tax losses of approximately HK$333,000 (2009: HK$382,000). No deferred tax asset has been recognised of the remaining tax losses due to the unpredictability of future profit streams. The estimated unutilised tax losses of approximately HK$151,116,000 (2009: HK$125,527,000) will not expire under the current tax legislation in Hong Kong. The estimated tax losses attributable to a subsidiary in Singapore amounted to approximately HK$123,000 (2009: HK$33,000). The use of such estimated unutilised tax losses is subject to the agreement of the tax authority and compliance with certain provision of the tax legislation in Singapore.

8. (LOSS) EARNINGS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK$55,255,000 (2009: profit for the year attributable to owners of the Company of approximately HK$6,362,000) and on the weighted average number of 2,109,795,845 (2009: 2,109,795,845) ordinary shares in issue during the year.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options because the exercise price of those options was higher than the average market price for shares for the years ended 31 December 2010 and 2009.

9. TRADE AND OTHER RECEIVABLES

The Group allows its trade customers with credit periods normally ranging from 30 days to 90 days. The following is an aged analysis of trade receivables (net of allowance for doubtful debt) presented based on the invoice date at the reporting date.

	2010	2009
	HK$'000	*HK$'000*
0-30 days	**1,048**	432
31-60 days	**216**	336
61-90 days	**117**	36
Trade receivables	**1,381**	804
Deposits and prepayments	**893**	950
	2,274	1,754

Before accepting any new customer, the Group uses a system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed on a regular basis.

At the end of each reporting period, the Group's trade receivables are individually determined to be impaired. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment loss is recognised. The Group does not hold any collateral over these balances.

As at 31 December 2009, all trade receivables were aged within 90 days and there was no allowance for doubtful debts during the year.

Trade receivables as at 31 December 2009 and 2010 that are neither past due nor impaired have the best credit under the credit system used by the Group. The Group does not hold any collateral over these balances.

Movement in allowance for doubtful debts

	2010	2009
	HK$'000	*HK$'000*
Balance at beginning of the year	**1,459**	1,622
Impairment losses recognised	**180**	–
Impairment losses reversed	**–**	(163)
Balance at end of the year	**1,639**	1,459

Included in the movement in allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately HK$1,639,000 (2009:HK$1,459,000).

10. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
0-30 days	**622**	98
31-60 days	**14**	15
61-90 days	**–**	6
Over 90 days	**1,088**	1,864
Trade payables	**1,724**	1,983
Accrued charges and other payables	**13,118**	12,031
	14,842	14,014

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

11. EVENT AFTER THE REPORTING PERIOD

On 28 March 2011, the Company entered into the agreement with Great Soar Holdings Limited, an independent third party not connected to the Group, to acquire 55% equity interests in Suntech Worldwide Limited and its subsidiary (collectively referred to as the "Target Group") at a consideration of HK$71,500,000. The consideration will be satisfied by HK$20,000,000 in cash and new ordinary shares of the Company of HK$51,500,000.

The Target Group is principally engaged in coal processing and marketing, and sales of coal and peat in the PRC.

Details are set out in the announcement of the Company dated 28 March 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

	2010 Final *HK$'M*	2009 Final *HK$'M*	2010vs09 Difference *HK$'M*
Financial Results Highlight			
Turnover	**61.4**	245.8	(184.4)
Gross Profit	**3.1**	2.0	1.1
Other operating Income/(Loss)(net)	**(24.7)**	35.8	(60.5)
Total Expenses	**(33.7)**	(31.5)	(2.2)
NP(L)BT&M	**(55.3)**	6.3	(61.6)
NP(L)AT&M	**(55.3)**	6.4	(61.7)
Extract of Financial Position			
Total Assets	**335.2**	389.1	(53.9)
Total Liabilities	**(20.4)**	(19.8)	0.6
Net Current Assets	**305.2**	359.3	(54.1)
Cash and Bank Balance	**248.2**	314.5	(66.3)
Total Net Assets	**314.7**	369.4	(54.7)

The consolidated turnover of the Group amounted to HK$61,400,000 for the year ended 31st December 2010 (year ended 31st December 2009: HK$245,800,000). Total gross profit was approximately HK$3,100,000 (year ended 31st December 2009: HK$2,000,000).

For the year ended 31st December 2010, the Group recorded net of other operating incomes (net of other expenses) of HK$24,700,000 (year ended 31st December 2009: HK$35,800,000) of which amount HK$1,208,000 was the loss of deregistration of subsidiaries (year ended 31st December 2009: HK$17,130,000 was gain on disposal of subsidiaries), and the total expenses was HK$33,700,000 (year ended 31st December 2009: HK$31,500,000).

Finally, the net profit/(loss) before Taxation and Minority Interest was approximately HK$(55,300,000) (year ended 31st December 2009: HK$6,300,000 profit). The net profit/(loss) after Taxation and Minority Interest was approximately HK$55,300,000 (year ended 31st December 2009: HK$6,400,000 profit).

BUSINESS REVIEW

Coke Business

There was no turnover of coke/coal enterprise for the years ended 31st December 2009 and 2010. No gross profit was made for the years ended 31st December 2009 and 2010.

Freight Forwarding Business

The turnover of the Group's international forwarding agency business was HK$6,334,000 (year ended 31st December 2009: HK$6,016,000), representing an increase of 5% as compared to the previous corresponding period. Total gross profit was HK$1,553,000 profit, (year ended 31st December 2009: HK$1,350,000), an increase of HK$203,000 comparing with the previous corresponding period.

Although the group's freight forwarding business gross profit was improved, international freight forwarding business had still faced high cost, the keen competition and slump global economy while its segment result was dropped.

Securities Investment

The total transaction volume of the Group's securities investment business was HK$55,083,000 (year ended 31st December 2009: HK$239,762,000), representing a decrease of 77% as compared to the previous corresponding year. Of which we had also received the dividend income HK$1,526,000 (year ended 31st December 2009: HK$645,000). The net realised gain and (loss) on a fair value adjustment of was HK$(23,492,000) for investments held for trading during the year ended 31 December 2010 (year ended 31st December 2009: HK$18,617,000 gain).

LIQUIDITY AND CASHFLOW RESOURCES

The gearing ratio maintained is zero (31st December, 2009: nearly at zero) and the current ratio decreased from 19.17 to 15.93. The calculation of gearing ratio is based on interest bearing borrowings of HK$Nil (31st December, 2009: HK$161,000) and the shareholders' equity of HK$314,741,000 (31st December, 2009: HK$369,355,000) at the balance sheet date. The calculation of current ratio is based on the current assets of HK$325,612,000 (31st December, 2009: HK$379,057,000) and the current liabilities of HK$20,442,000 (31st December, 2009: HK$19,775,000) at the balance sheet date.

The cash and bank balance was HK$248,196,000 (31st December, 2009: HK$314,504,000) and the high liquid asset investment held for trading was HK$74,533,000 (31st December, 2009: HK$53,741,000) indicated that the Group got strong cash position at the balance sheet date. The Group has sufficient and readily available financial resources for both general working capital purpose and feasible acquisition of the proposed investments in the PRC may encounter or contemplate in the future.

PLEDGE OF ASSETS

At the balance sheet date, there was no Group's securities pledged to brokers to secure the margin loan while amount HK$161,000 was as at 31st December 2009. At the balance sheet date, there was no other significant assets pledged to banks to secure general banking facilities granted to the Group and the post dated bills payable (31st December 2009: HK$Nil).

CAPITAL EXPENDITURE

The Group had capital expenditure HK$1,241,000 for the year ended 31st December 2009 which was funded by its own financial resources and bank borrowings and no significant capital expenditure for the year ended 31st December 2010.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's monetary assets, loans and transactions are principally denominated in Hong Kong dollars, US dollars and Renminbi. During the period, there was no significant fluctuation in the exchange rates of the Hong Kong dollars and US dollars. The appreciation in the currency value of the Renminbi may have some impact especially for the WOFE or joint venture in PRC. The monetary assets of the Group in the currency value of US dollars are also subject to the risk of exchange rate fluctuation. The Group will take a prudent approach for this impact but in the meant time do not engage in any derivative activities and not commit to any financial instruments to hedge its balance sheet exposure in 2010.

CHANGE OF DIRECTORSHIP

On 30th June 2010, Ms. Cheung Hoi Ping was resigned as executive director of the Company.

EMPLOYEE AND HUMAN RESOURCES POLICY

The Group had approximately 32 staff at 31st December 2010 (31st December 2009: 32). The remuneration of employees was determined with reference to the market terms, their qualification, experience and performance to the Company. The total staff cost incurred for the year ended 31st December, 2010 was approximately HK$7,909,000 (year ended 31st December 2009: HK$8,593,000). As per Listing Rules, the staff of the issuer's accounting and financial reporting function should have adequate training programmes and budget.

BUSINESS PROSPECT

The Group is principally engaged in coke processing, international air and sea freight forwarding and the provision of logistics services as well as trading of securities. In order to strengthen the core business – coal and coke processing, we continue to dig out investment opportunities for business development.

After the Group successfully divested Shanxi Changxing, which was debt-burdened and heavy loss-making, subsequent after the balance sheet date, as at 28 March 2011, the Group entered into an agreement with Great Soar Holdings Limited to acquire 55% of Suntech Worldwide Limited ("Suntech") at a consideration of HK$71.5 million. Suntech, owned a WOFE, 古交市宏祥煤業有限公司 (Gujiao City Hongxiang Coal Industry Co., Ltd.), a PRC factory with 1.5 million tons of cleaning plant in Shanxi. Details can be referred to our announcement dated 28 March 2011.

The Group had put US$28 million and prepared to invest by setting up a PRC WOFE, Liyang Guohua New Energy Co. Ltd., including its subsidiary and branch office ("Liyang Guohua Group ") of new energy business in Jiansu from 2009 to 1Q2010. However, after detailed investigation, thorough feasibility study and marketing research on the new projects, our Beijing business development department got the unfavourable results over these new energy projects. In addition, due to the change of business environment, the Group successfully adjusted its strategy to de-register the Liyang Guohua Group and re-allocated & returned the investment funds to Hong Kong for its better flexibility of financial management.

Although the stringent environmental legislations and recent Global Financial Crunch may have impact for the industry, PRC still maintains as an economic region with stable continuous health growth. The future development prospect of coal and coke industry in PRC is still considered to be optimistic because of the increase of internal demand of PRC economy. Furthermore, some new macro national policies of PRC publicized may give incentive for other new potential business. It is also a great opportunity for us to look for any other high growth businesses in PRC actively.

FINAL DIVIDEND

The Board of Directors has resolved not to recommend the payment of any final dividend for the year ended 31st December 2010 (year ended 31st December 2009: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2010.

AUDIT COMMITTEE

The Board has established the Audit Committee in accordance with the Listing Rules. The Committee comprises Ms. Chung Kwo Ling, Mr. Chan Ngai Sang, Kenny and Ms. Xing Hua, the three independent non-executive directors.

Summary of duties and works of the Audit Committee is set out in the "Corporate Governance Report" in annual report.

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2010 in conjunction with the Company's external auditor SHINEWING (HK) CPA Limited.

CODE OF BEST PRACTICE AND CORPORATE GOVERNANCE

Details of corporate governance are set out in the section headed "Corporate Governance Report" in annual report.

During the year ended 31 December 2010, the Company has fully complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules, with deviation from Code Provision A.4.1.

All of the non-executive directors are not appointed for a specific term (Code Provision A.4.1) but are subject to retirement by rotation once every three years and re-election at the annual general meeting under the Company's Bye-Laws.

INTERNAL CONTROL

The Board acknowledges its responsibility for the Group's internal control system to safeguard shareholders' investment and reviewing the effectiveness of such on an annual basis under Code Provision C.2.1.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. All directors of the Company have confirmed, immediately following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the year ended 31 December 2010.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement of the Group for the year ended 31 December 2010 is published on the websites of The Stock Exchange of Hong Kong Limited (http://www.hkexnews.hk) and the Company (http://www.cbgroup.com.hk) respectively. The 2010 annual report and notice of annual general meeting of the Company will be despatched to the shareholders and made available on the above websites later.

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

Hong Kong, 31 March 2011

The board of directors of the Company as at the date hereof comprises four executive Directors, namely, Ms. Ma Jun Li, Mr. Ng Tang, Mr. Zhang Da Qing and Mr. Ren Zheng; one non-executive Director, namely Ms. Yao Haixing and three independent non-executive Directors, namely Ms. Chung Kwo Ling, Mr. Chan Ngai Sang, Kenny and Ms. Xing Hua.