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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)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

The board of directors (the "Board") of China Best Group Holding Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012, together with the comparative figures for the year ended 31 December 2011, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	NOTES	**2012** **HK$'000**	2011 HK$'000
Turnover	*3*	**151,353**	190,533
Revenue	*4*	**102,941**	34,044
Cost of sales		**(71,897)**	(26,831)
Gross profit		**31,044**	7,213
Other income	*5*	**2,854**	1,717
Selling and distribution expenses		**(729)**	(151)
Administrative expenses		**(16,063)**	(24,549)
Fair value change on investment property		**1,080**	420
Realised (loss) gain on held for trading investments		**(4,416)**	24,359
Fair value change on held for trading investments		**(2,233)**	(1,423)
Finance costs	*6*	**(2,376)**	(734)
Profit before tax	*7*	**9,161**	6,852
Income tax expense	*8*	**(6,604)**	(1,231)
Profit for the year		**2,557**	5,621

* *For identification purpose only*

	NOTES	2012 HK$'000	2011 HK$'000
Other comprehensive income (expense)			
Exchange differences arising on translation		**684**	124
Exchange reserve upon disposal of subsidiaries		**–**	(340)
Total comprehensive income for the year		**3,241**	5,405
(Loss) profit for the year attributable to:			
Owners of the Company		**(2,932)**	5,896
Non-controlling interests		**5,489**	(275)
		2,557	5,621
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(2,472)**	5,679
Non-controlling interests		**5,713**	(274)
		3,241	5,405
(Loss) earnings per share			
– Basic and diluted (HK cents)	*9*	**(0.12) cents**	0.27 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	NOTES	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**52,204**	53,228
Prepaid lease payment		**178**	202
Investment property		**–**	1,920
Available-for-sale investments		**7,500**	7,500
Goodwill		**36,729**	36,365
		96,611	99,215
Current assets			
Prepaid lease payment		**24**	24
Inventories		**21,439**	3,198
Trade and other receivables	*10*	**69,074**	32,466
Held for trading investments		**21,272**	27,956
Deposits placed with security brokers		**–**	355
Bank balances and cash		**236,345**	302,883
		348,154	366,882
Investment property classified as held for sale		**3,000**	–
		351,154	366,882
Current liabilities			
Trade and other payables	*11*	**36,992**	58,778
Loan from a related company		**–**	23,346
Loan from a non-controlling interest of a subsidiary		**38,637**	21,125
Tax liabilities		**13,168**	6,870
		88,797	110,119
Net current assets		**262,357**	256,763
		358,968	355,978

	2012	2011
	HK$'000	*HK$'000*
Capital and Reserves		
Share capital	**121,584**	121,584
Reserves	**222,141**	224,613
Equity attributable to owners of the Company	**343,725**	346,197
Non-controlling interests	**13,091**	7,378
Total Equity	**356,816**	353,575
Non-current liability		
Deferred tax liabilities	**2,152**	2,403
	358,968	355,978

Notes:

1. BASIS OF PRESENTATION

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

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). 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

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Asset

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 Cycle[2]
Amendments to HKFRS 1	First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans[2]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[3]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2012.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 January 2014.
[4] Effective for annual periods beginning on or after 1 January 2015.

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009 – 2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include the amendments to HKAS 16 Property, Plant and Equipment and the amendments to HKAS 32 Financial Instruments: Presentation.

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors of the Company do not anticipate that the application of the amendments will have a material effect on the Group's consolidated financial statements.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors of the Company anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors of the Company anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described as follows:

– 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. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

– With regard to the measurement of financial liabilities designed as at fair value through profit or loss, HKFRS 9 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impacts on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HK (SIC)-Int 12 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC)-Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The directors of the Company do not anticipate that the application of these five standards will have significant impact on amounts reported in the consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors of the Company anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a ‘statement of comprehensive income’ is renamed as a ‘statement of profit or loss and other comprehensive income’ and an ‘income statement’ is renamed as a ‘statement of profit or loss’. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

3. TURNOVER

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

	2012	2011
	HK$'000	*HK$'000*
Manufacture and sales of coal	**95,036**	24,054
Provision of international air and sea freight forwarding services	**6,372**	6,547
Dividend income from held for trading investments	**1,533**	3,443
Gross proceeds from disposal of held for trading investments	**48,412**	156,489
	151,353	190,533

4. **REVENUE AND SEGMENT INFORMATION**

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on the type of goods sold or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Company's reportable segments same as operating segments under HKFRS 8 are as follows:

a) International air and sea freight forwarding segment engages in the provision of international air and sea freight forwarding and logistic services to customers;

b) Securities trading segment engages in trading of equity securities and dividend income from held for trading investments; and

c) Manufacture and sales of coal segment engages in manufacture and sales of coal products to customers.

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 coal** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2012				
Turnover	**6,372**	**49,945**	**95,036**	**151,353**
Revenue				
External	**6,372**	**1,533**	**95,036**	**102,941**
Segment results	**(82)**	**(5,116)**	**26,443**	**21,245**
Unallocated corporate expenses				**(13,613)**
Unallocated other income				**3,905**
Finance costs				**(2,376)**
Profit before tax				**9,161**

	International air and sea freight forwarding *HK$'000*	Securities trading *HK$'000*	Manufacture and sales of coal *HK$'000*	Total *HK$'000*
Year ended 31 December 2011				
Turnover	6,547	159,932	24,054	190,533
Revenue				
External	6,547	3,443	24,054	34,044
Segment results	(602)	26,379	152	25,929
Unallocated corporate expenses				(19,990)
Unallocated other income				1,647
Finance costs				(734)
Profit before tax				6,852

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, directors' emoluments, gain on disposal of subsidiaries, net exchange gain (loss), 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 coal** *HK$'000*	**Total** *HK$'000*
At 31 December 2012				
ASSETS				
Segment assets	**800**	**21,272**	**176,657**	**198,729**
Unallocated corporate assets				**249,036**
Total assets				**447,765**
LIABILITIES				
Segment liabilities	**1,305**	**–**	**13,072**	**14,377**
Unallocated corporate liabilities				**76,572**
Total liabilities				**90,949**

	International air and sea freight forwarding *HK$'000*	Securities trading *HK$'000*	Manufacture and sales of coal *HK$'000*	Total *HK$'000*
At 31 December 2011				
ASSETS				
Segment assets	928	28,311	123,107	152,346
Unallocated corporate assets				313,751
Total assets				466,097
LIABILITIES				
Segment liabilities	1,704	–	399	2,103
Unallocated corporate liabilities				110,419
Total liabilities				112,522

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 receivables; and

– all liabilities are allocated to reportable segments other than loan from a related company and a non-controlling interest of a subsidiary, tax liabilities, deferred tax liabilities and part of other payables.

Other segment information

	International air and sea freight forwarding *HK$'000*	Securities trading *HK$'000*	Manufacture and sale of coal *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Year ended 31 December 2012					
Amounts included in the measure of segment profit or loss or segment assets:					
Amortisation of prepaid lease payment	**–**	**–**	**24**	**–**	**24**
Fair value change on investment property	**–**	**–**	**–**	**(1,080)**	**(1,080)**
Additions to non-current assets *(Note)*	**–**	**–**	**4,141**	**8**	**4,149**
Depreciation of property, plant and equipment	**5**	**–**	**5,914**	**428**	**6,347**
Written off of plant and equipment	**–**	**–**	**–**	**111**	**111**
Allowance for inventories	**–**	**–**	**1,678**	**–**	**1,678**
Realised loss on held for trading investments	**–**	**4,416**	**–**	**–**	**4,416**
Fair value change on held for trading investments	**–**	**2,233**	**–**	**–**	**2,233**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:					
Interest income	**–**	**(50)**	**(28)**	**(2,258)**	**(2,336)**
Interest expenses	**–**	**–**	**324**	**2,052**	**2,376**
Income tax expenses	**–**	**–**	**6,604**	**–**	**6,604**

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

	International air and sea freight forwarding	Securities trading	Manufacture and sale of coal	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2011					
Amounts included in the measure of segment profit or loss or segment assets:					
Gain on disposal of subsidiaries	–	–	–	(340)	(340)
Amortisation of prepaid lease payment	–	–	5	–	5
Fair value change on investment property	–	–	–	(420)	(420)
Additions to non-current assets *(Note)*	22	–	171	–	193
Depreciation of property, plant and equipment	6	–	857	660	1,523
Gain on disposal of plant and equipment	(24)	–	–	–	(24)
Written off of plant and equipment	8	–	–	–	8
Realised gain on held for trading investments	–	(24,359)	–	–	(24,359)
Fair value change on held for trading investments	–	1,423	–	–	1,423
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:					
Interest income	–	–	(5)	(1,302)	(1,307)
Interest expenses	–	–	–	734	734
Income tax expenses	–	1,092	139	–	1,231

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

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2012	2011
	HK$'000	*HK$'000*
Manufacture and sale of coal	**95,036**	24,054
Dividend income from held for trading investments	**1,533**	3,443
Provision of international air and sea freight forwarding services	**6,372**	6,547
	102,941	34,044

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 coal are carried out in the People's Republic of China (the "PRC").

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of assets.

	Revenue from external customers		**Non-current assets**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
North and South America	**2,523**	2,838	**–**	–
PRC	**95,036**	24,054	**88,132**	89,323
Hong Kong	**1,533**	3,443	**967**	2,375
Singapore	**3,849**	3,709	**12**	17
	102,941	34,044	**89,111**	91,715

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

Information about major customers

	2012	2011
	HK$'000	*HK$'000*
For revenue from manufacture and sale of coal		
– Customer A	**1,554**	24,054
– Customer B	**73,471**	–

5. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Interest income	**2,336**	1,307
Net exchange gain	**502**	–
Gain on disposal of property, plant and equipment	**–**	24
Gain on disposal of subsidiaries	**–**	340
Government grants *(Note)*	**9**	30
Sundry income	**7**	16
	2,854	1,717

Note: During the year ended 31 December 2012, a government grant of approximately HK$9,000 (2011: HK$30,000) 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

	2012	2011
	HK$'000	*HK$'000*
Interests on:		
– loan from a related company	**262**	609
– loan from a non-controlling interest of a subsidiary	**2,052**	125
– others	**62**	–
	2,376	734

7. PROFIT BEFORE TAX

	2012	2011
	HK$'000	*HK$'000*
Profit before tax has been arrived at after charging:		
Staff costs		
– directors' emoluments	**1,564**	2,615
– other staff costs	**4,843**	3,934
– retirement benefits scheme contributions, excluding directors	**138**	151
Total staff costs	**6,545**	6,700
Auditor's remuneration	**1,050**	795
Depreciation of property, plant and equipment	**6,347**	1,523
Amortisation of prepaid lease payment	**24**	5
Written off of property, plant and equipment	**111**	8
Cost of inventories recognised as expenses	**65,459**	21,917
Allowance for inventories (included in cost of sales)	**1,678**	–
Minimum lease payments under operating lease charges	**1,772**	3,661
Net exchange loss	**–**	314

8. INCOME TAX EXPENSE

	2012 *HK$'000*	2011 *HK$'000*
Current tax:		
Hong Kong	**–**	1,092
PRC Enterprise Income Tax	**6,855**	139
	6,855	1,231
Deferred taxation	**(251)**	–
	6,604	1,231

No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits for the year ended 31 December 2012. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2011.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

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

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of comprehensive income as follows:

	2012 *HK$'000*	2011 *HK$'000*
Profit before tax	**9,161**	6,852
Tax at the domestic income tax rate of 25% (2011: 25%)	**2,290**	1,713
Tax effect of expenses not deductible for tax purpose	**1,654**	5,200
Tax effect of income not taxable for tax purpose	**(1,256)**	(1,174)
Tax effect of utilisation of tax loss	**(41)**	(3,036)
Tax effect of tax losses not recognised	**3,265**	229
Effect of different tax rates of subsidiaries operating in other jurisdictions	**692**	(1,701)
Income tax expense for the year	**6,604**	1,231

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	Revaluation of property, plant and equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2011	55	(55)	–	–
(Credit) charge to consolidated statement of comprehensive income	(6)	6	–	–
Acquired on acquisition of subsidiaries	–	–	2,403	2,403
At 31 December 2011 and 1 January 2012	49	(49)	2,403	2,403
(Credit) charge to consolidated statement of comprehensive income	(6)	6	(251)	(251)
At 31 December 2012	43	(43)	2,152	2,152

At 31 December 2012, the Group has estimated unutilised tax losses of approximately HK$153,166,000 (2011: HK$140,306,000) available for offset against future profits. A deferred tax asset has been recognised in respect of estimated unutilised tax losses of approximately HK$261,000 (2011: HK$297,000). No deferred tax asset has been recognised of the remaining tax losses due to the unpredictability of future profit streams. Included in the estimated unutilised tax losses of approximately HK$152,905,000 (2011: HK$140,009,000), approximately HK$152,783,000 (2011: HK$139,856,000) may be carried forward against future taxable income indefinitely under the current tax legislation in Hong Kong. The remaining estimated unutilised tax losses attributable to a subsidiary in Singapore amounted to approximately HK$122,000 (2011: HK$153,000) of which the use is subject to the agreement of the tax authority and compliance with certain provision of the tax legislation in Singapore.

9. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share is based on the loss for the year attributable to owners of the Company of approximately HK$2,932,000 (2011: profit for the year attributable to owners of the Company of approximately HK$5,896,000) and on the weighted average number of 2,431,670,845 (2011: 2,197,980,777) 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 is higher than the average market price for shares for the years ended 31 December 2012 and 2011.

10. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period normally ranging from 30 days to 120 days (2011: 30 days to 90 days) to its trade customers. The following is an aged analysis of trade receivables (net of allowance for doubtful debt) presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition date. The Group does not hold any collateral over these balances.

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**2,868**	29,033
31 – 60 days	**186**	326
61 – 90 days	**13**	5
91 – 120 days	**43,805**	1,342
Over 120 days	**10,830**	–
Trade receivables	**57,702**	30,706
Bills receivables	**2,455**	1,760
Deposits, prepayments and other receivables	**8,917**	–
	69,074	32,466

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately HK$54,635,000 (2011: HK$1,342,000) which were past due at the end of the reporting period and for which the Group has not provided for doubtful debt.

The aging analysis of trade receivables that are past due but not impaired is as follow:

	2012	2011
	HK$'000	*HK$'000*
91 – 120 days	**43,805**	1,342
Over 120 days	**10,830**	–
	54,635	1,342

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

There is no movement in allowance for doubtful debts of trade receivables during the year ended 31 December 2011 and 31 December 2012.

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.

11. 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:

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**716**	571
31 – 60 days	**–**	6
61 – 90 days	**9**	1
Over 90 days	**4,736**	968
Trade payables	**5,461**	1,546
Accrued charges and other payables	**31,531**	57,232
	36,992	58,778

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.

As at 31 December 2012, included accrued charges and other payables of approximately HK$9,416,000 (equivalent to approximately RMB7,673,000) (2011: HK$42,229,000 (equivalent to approximately RMB34,597,000)) were amount due to a former shareholder of a subsidiary of Suntech. The balance is unsecured, interest-free and repayable on demand.

12. EVENTS AFTER THE REPORTING PERIOD

(a) On 31 January 2013, Jet-Air (H.K.) Limited, a wholly owned subsidiary of the Company, entered into a placing letter with KCG Securities Asia Limited to subscribe for the convertible bonds and the promissory notes by North Asia Resources Holdings Limited ("North Asia"), a company listed on the Main Board of the Stock Exchange, each in a principal amount of US$7 million (equivalent to approximately HK$54.6 million) respectively at their face values, which will be satisfied by cash.

Details are set out in the Company's announcement dated 5 February 2013.

(b) On 28 February 2013, the disposal of the investment property classified as held for sale had been completed.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

	2012	2011	Increase (Decrease) 2012 Vs 2011	
	HK$'M	*HK$'M*	*HK$'M*	*%*
Financial Results Highlight				
Turnover	**151.4**	190.5	**(39.1)**	**(21%)**
Gross profit	**31.0**	7.2	**23.8**	**331%**
Other operating income/(loss)(net)	**(2.7)**	25.1	**(27.8)**	**(111%)**
Total expenses	**(19.2)**	(25.4)	**(6.2)**	**(24%)**
Net profit (loss) before tax & non-controlling interests	**9.2**	6.8	**2.4**	**35%**
Net profit (loss) after tax & non-controlling interests	**(2.9)**	5.9	**(8.8)**	**(149%)**
Extract of Financial Position				
Total assets	**447.8**	466.0	**(18.2)**	**(4%)**
Total liabilities	**(90.9)**	(112.5)	**(21.6)**	**(19%)**
Net current assets	**262.4**	256.7	**5.7**	**2%**
Bank balances and cash	**236.3**	302.8	**(66.5)**	**(22%)**
Total net assets	**356.8**	353.5	**3.3**	**1%**

For the year ended 31 December 2012, the Group's turnover was approximately HK$151.4 million, representing a decrease of 21% as compared with HK$190.5 million in last year. The Group's gross profit for the year ended 31 December 2012 was approximately HK$31.0 million, representing an increase of 331% as compared with HK$7.2 million in last year. Finally, the Group recorded loss attributable to equity shareholders of the Company amounted to approximately HK$2.9 million, as compared with profit attributable to equity shareholders of the Company of HK$5.9 million recorded in last year.

BUSINESS AND FINANCIAL REVIEW

Coal Business

For the year ended 31 December 2012, the turnover of the Group's coal business amounted to HK$95.0 million (2011: HK$24.0 million). Gross profit of HK$27.9 million was made for the year ended 31 December 2012 (2011: HK$2.1 million). The increase in turnover and gross profit for the coal business was partly because the coal operation had just resumed in the second half of 2011 and only few months' results had been accounted for in last year. It was also benefited from the stabilisation in price and demand in the coal market.

Freight Forwarding Business

For the year ended 31 December 2012, the turnover of the Group's freight forwarding business amounted to HK$6.4 million (2011: HK$6.5 million). Gross profit of HK$1.6 million was made for the year ended 31 December 2012 (2011: HK$1.6 million). There was no significant change in the Group's strategy and plan in its freight forwarding business. As such, its turnover and gross profit was kept at the similar level as compared with last year.

Securities Investment Business

For the year ended 31 December 2012, the turnover of the Group's securities investment business amounted to HK$50.0 million (2011: HK$159.9 million). During the year, the Group recorded realised loss of HK$4.4 million (2011: realised gain of HK$24.3 million) and net unrealised loss of the listed securities of approximately HK$2.2 million (2011: HK$1.4 million). For the year ended 31 December 2012, the Group received dividend income of approximately HK$1.5 million (2011: HK$3.4 million). As at 31 December 2012, the Group was holding trading securities of approximately HK$21.3 million in value (2011: HK$27.9 million).

LIQUIDITY AND CASHFLOW RESOURCES

As at 31 December 2012, the equity and net current assets of the Group amounted to approximately HK$356.8 million (2011: HK$353.5 million) and HK$262.4 million (2011: HK$256.7 million) respectively. On the same date, the Group had bank balances and cash of approximately HK$236.3 million (2011: HK$302.8 million) and the current ratio was 3.95 (2011: 3.33).

As at 31 December 2012, the gearing ratio of the Group was 0.08 (2011: 0.10). The gearing ratio is measured on the basis of interest bearing borrowings over total assets. As at 31 December 2012, the interest bearing borrowings and total asset of the Group amounted to approximately HK$36.5 million (2011: HK$44.3 million) and HK$447.8 million (2011: HK$466.0 million) respectively.

The Group kept strong cash position. The Group has sufficient and readily available financial resources for both general working capital purpose and feasible acquisition of potential investments in the PRC which may encounter or contemplate in the future.

PLEDGE OF ASSETS

As at 31 December 2012 and 2011, there were none of the Group's securities pledged to brokers to secure the margin loan. As at 31 December 2012 and 2011, there were no other significant assets pledged to banks to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

At 31 December 2012, the Group provided a financial guarantee of approximately HK$63,000 (2011: HK$60,000) to an independent third party for assurance of their customers in the event they default in payment.

CAPITAL EXPENDITURE

During the year, the Group incurred HK$4.1 million as capital expenditure which was funded by its internal resources (2011: HK$0.2 million).

CAPITAL COMMITMENTS

As at 31 December 2012, the capital expenditure in respect of construction of property, plant and equipment contracted for but not provided in the consolidated financial statements was approximately HK$10,000 (2011: HK$500,000).

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2012, the Group held available-for-sale investments of HK$7.5 million (2011: HK$7.5 million) and held for trading investments of HK$21.3 million (2011: HK$27.9 million).

MATERIAL ACQUISITION AND DISPOSAL

During the year ended 31 December 2012, there was no material acquisition and disposal made by the Group.

During the year ended 31 December 2011, the Group acquired 55% of the equity interest of Suntech Worldwide Limited which is the immediate holding company of Gujiao City Hongxiang Coal Industry Co. Ltd. ("Hongxiang"). Details of this acquisition are set out Company's announcement dated 28 March 2011.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

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

EMPLOYEE AND HUMAN RESOURCES POLICY

As at 31 December 2012, the Group had approximately 92 staff (2011: 86 staff). The total staff cost incurred for the year ended 31 December 2012 was approximately HK$6.5 million (2011: HK$6.7 million). The remuneration of employees was determined with reference to the market circumstances, the Group's performance as well as individual qualification and experience. Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the staff of the Company's accounting and financial reporting function have adequate training programs and budget.

Pursuant to a share option scheme adopted on 22 May 2012 (the "2012 Share Option Scheme"), the Board may grant options to directors (including non-executive directors and independent non-executive directors), employees of the Company and any of its subsidiaries or associated companies, to subscribe for shares of the Company. During the year, no options were granted under the 2012 Share Option Scheme.

BUSINESS PROSPECT

The Group is principally engaged in manufacture and sales of coal, international air and sea freight forwarding and the provision of logistics services as well as trading of securities.

In respect of coal business, after the slowing down in demand for coal in the PRC market last year, the Board expects that the demand for coal will gradually stabilise and maintain a steady growth in 2013. Hongxiang continues to be the Group's principal arm in coal sector. Hongxiang will keep on enhancing its customer and supplier bases, improving its production efficiency as well as its internal control system, in order to boost its contribution in terms of profitability to the Group.

In respect of freight forwarding business, although in the second half of 2012 the global economy started heading to a right direction, there was no substantial recovery in the global air and sea freight forwarding industry. The Board remains unenthusiastic about the prospect of freight forwarding business and will take strict control measures over costs and credit risks.

In respect of securities investment business, the Board will uphold a relatively conservative strategy. The Board's investment strategy is to mainly focus on investment vehicles of fixed rates or relatively lower risks in order to secure stable returns at minimal risks. As such, the Group has conditionally agreed to subscribe for the convertible bonds and the promissory notes to be issued by North Asia, each in an aggregate principal amount of US$7 million (equivalent to approximately HK$54.6 million). The Board considers that it would enable the Company to participate in the development of North Asia and provide the Company with the flexibility to be benefited from the interest income from the convertible bonds and the promissory notes as well as the upside of the share price performance of North Asia through conversion of part or whole of the convertible bonds into shares of North Asia.

Leveraging its experience and network in the PRC, the Group will continue to explore investment opportunities mainly for business development in the PRC. The Board is convinced that it is the fundamental basis on which the Company generates and preserves value over the longer term and the strategy for delivering the objectives of the Company. The Board will closely monitor the business environment for the aim to maximise the returns of the shareholders of the Company.

FINAL DIVIDEND

The Board has resolved not to recommend any final dividend for the year ended 31 December 2012 (2011: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2012 (2011: Nil).

REVIEW OF FINANCIAL INFORMATION

The Board has established an audit committee (the "Audit Committee") in accordance with the Listing Rules. The Audit Committee comprises Mr. Zhou Mingchi, Ms. Wong Yan Ki, Angel, and Mr. Zhang Liang, the three independent non-executive directors. Summary of duties and works of the Audit Committee is set out in the "Corporate Governance Report" in the 2012 annual report which will be despatched to the shareholders in due course.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the results of the Group for the year ended 31 December 2012.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2012 as set out in this announcement have been agreed by the Group's auditors, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this announcement.

CODE ON CORPORATE GOVERNANCE PRACTICE/CORPORATE GOVERNANCE CODE OF THE LISTING RULES

In the opinion of the Board, save as disclosed below, none of the directors of the Company are aware of any information that would reasonably indicate that the Company was not in compliance with the Code Provisions of the Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code (the "CG Code") during the period from 1 April 2012 to 31 December 2012 as set out in Appendix 14 of the Listing Rules.

Under Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Mr. Huang is the chairman of the Board. The Company has no such title as the chief executive currently. Given the current size and structure of the Company, the Board is of the view that though there is no chief executive, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals, and meetings between the directors and the management are held from time to time to discuss issues relating to operation of the Company. All directors are properly briefed on the matters arising at the Board meetings with adequate, complete and reliable information received in a timely manner. The Board also believes that the current structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently. Although the responsibilities of the chairman is not set out in writing, power and authority are not concentrated in one individual and all major decisions are made in consultation with members of the Board and appropriate Board committees, as well as senior management. The Board will consider setting out in writing the roles and duties of the chairman in due course. Going forward, the Board will periodically review the effectiveness of this arrangement, the board composition as well as division of responsibilities to enhance best interest of the Company and its shareholders as a whole.

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

Under Code Provision A.6.7 of the CG Code, the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. One executive director and all independent non-executive directors of the Company were unable to attend the annual general meeting of the Company held on 22 May 2012 due to various work commitments.

INTERNAL CONTROL

The Board acknowledges its responsibility for maintaining 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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made of all directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 16 May 2013 to Monday, 20 May 2013 (both days inclusive), during which time no transfer of shares will be registered. In order to qualify to be shareholders of the Company to attend, act and vote at the annual general meeting to be held on 20 May 2013, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 15 May 2013.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement of the Group for the year ended 31 December 2012 is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.cbgroup.com.hk) respectively. The 2012 annual report and notice of annual general meeting of the Company will be despatched to the shareholders and made available on the above websites in due course.

By Order of the Board
China Best Group Holding Limited
Huang Boqi
Chairman

Hong Kong, 5 March 2013

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Huang Boqi and Mr. Du Chunyu and three independent non-executive directors, namely Mr. Zhou Mingchi, Ms. Wong Yan Ki, Angel and Mr. Zhang Liang.