CHINA BEST
國華集團

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 2016

The board of directors (the "Board") of China Best Group Holding Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016, together with the comparative figures for the year ended 31 December 2015, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	NOTES	**2016** **HK$'000**	2015 *HK$'000*
Continuing operations			
Turnover	*3*	**641,312**	452,974
Revenue	*4*	**488,208**	336,296
Cost of sales		**(416,761)**	(303,990)
Gross profit		**71,447**	32,306
Other income	*5*	**1,908**	1,902
Administrative and other expenses		**(73,159)**	(58,165)
Realised gain on held for trading investments		**1,529**	35,027
Unrealised gain (loss) on fair value change on held for trading investments		**29,443**	(47,685)
Loss on disposal of available-for-sale investments	*6*	**(14,584)**	–
Impairment loss on finance lease receivable	*10*	**(22,184)**	–
Share of losses of associates		**(10,864)**	(9,189)
Loss before tax		**(16,464)**	(45,804)
Income tax expense	*7*	**(2,385)**	(1,673)
Loss for the year from continuing operations		**(18,849)**	(47,477)

* *For identification purpose only*

	NOTES	2016 HK$'000	2015 HK$'000
Discontinued operation			
Profit (loss) for the year from discontinued operation	*8*	**7,799**	(3,514)
Loss for the year	*6*	**(11,050)**	(50,991)
Other comprehensive (expenses) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(26,193)**	(14,605)
Share of other comprehensive expenses of associates		**(5,046)**	(2,505)
Fair value loss on available-for-sale investments		**(19,059)**	(1,350)
Release of reserve upon disposal of available-for-sale investments		**14,584**	–
		(35,714)	(18,460)
Total comprehensive expenses for the year		**(46,764)**	(69,451)
(Loss) profit for the year attributable to owners of the Company			
– From continuing operations		**(18,835)**	(47,472)
– From discontinued operation		**8,295**	(1,214)
		(10,540)	(48,686)
Loss for the year attributable to non-controlling interests			
– From continuing operations		**(14)**	(5)
– From discontinued operation		**(496)**	(2,300)
		(510)	(2,305)
		(11,050)	(50,991)

	NOTE	2016 HK$'000	2015 HK$'000
Total comprehensive expenses for the year attributable to			
– owners of the Company		**(46,252)**	(66,983)
– non-controlling interests		**(512)**	(2,468)
		(46,764)	(69,451)
Loss per share	*9*		
From continuing and discontinued operations			
– Basic and diluted *(HK cents)*		**(0.15) cents**	(1.02) cents
From continuing operations			
– Basic and diluted *(HK cents)*		**(0.27) cents**	(0.99) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	NOTES	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment		**10,418**	10,604
Intangible asset		**811**	811
Interests in associates		**85,143**	99,859
Available-for-sale investments		**13,787**	51,762
Finance lease receivables	*10*	**37,410**	–
Deferred tax asset		**3,179**	–
		150,748	163,036
Current assets			
Finance lease receivables	*10*	**196,440**	176,751
Loans and interest receivables	*12*	**279,647**	–
Trade and other receivables	*11*	**133,567**	72,354
Held for trading investments		**115,266**	232,686
Pledged bank deposit		**54**	55
Bank balances and cash		**170,233**	87,522
		895,207	569,368
Assets classified as held for sale		**10,760**	34,636
		905,967	604,004
Current liabilities			
Trade and other payables	*13*	**23,404**	12,820
Tax liabilities		**7,668**	6,805
		31,072	19,625
Liabilities associated with assets classified as held for sale		**–**	54,396
		31,072	74,021
Net current assets		**874,895**	529,983
Total assets less liabilities		**1,025,643**	693,019
Capital and Reserves			
Share capital		**363,228**	263,228
Share premium and reserves		**662,458**	453,266
Equity attributable to owners of the Company		**1,025,686**	716,494
Non-controlling interests		**(43)**	(23,475)
		1,025,643	693,019

Notes:

1. BASIS OF PRESENTATION

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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

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 HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

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 the Group's consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Lease[3]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[5]

[1] *Effective for annual periods beginning on or after 1 January 2017.*

[2] *Effective for annual periods beginning on or after 1 January 2018.*

[3] *Effective for annual periods beginning on or after 1 January 2019.*

[4] *Effective date not yet been determined.*

[5] *Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.*

The directors of the Company (the "Directors") anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) *Financial Instruments*

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), 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 designated as at fair value through profit or loss, HKFRS 9 (2014) requires that 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 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.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014), it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which aligns hedge accounting more closely with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The Directors anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities and are in the process of assessing the impact on the consolidated financial statements of these requirements.

HKFRS 15 *Revenue from Contracts with Customers*

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;
ii) Identify the performance obligations in the contract;
iii) Determine the transaction price;
iv) Allocate the transaction price to the performance obligations; and
v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements and are in the process of assessing the impact on the consolidated financial statements of these requirements.

HKFRS 16 *Leases*

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the consolidated financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related Interpretations when it becomes effective.

HKFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16.

The Directors are in the process of assessing the impact on the consolidated financial statements of these requirements.

Amendment to HKAS 7 *Disclosure Initiative*

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfil the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

Amendments to HKAS 7 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted.

The Directors anticipate that the application of Amendments to HKAS 7 will result in additional disclosures on the Group's financing activities, especially reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

3. TURNOVER

An analysis of the Group's turnover for the year from continuing operations is as follows:

	2016	2015
	HK$'000	*HK$'000*
Trading of goods	**423,615**	311,388
Gross proceeds from disposal of held for trading investments	**153,104**	116,678
Consultancy income from finance leases	**31,165**	11,101
Interest income from finance leases	**11,008**	4,375
Interest income from money lending	**16,631**	–
Provision of international air and sea freight forwarding services	**5,789**	8,102
Dividend income from held for trading investments	**–**	1,330
	641,312	452,974

4. REVENUE AND SEGMENT INFORMATION

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

Year ended 31 December 2016
Continuing operations

	Trading of goods *HK$'000*	Finance leasing *HK$'000*	Money lending *HK$'000*	International air and sea freight forwarding *HK$'000*	Securities trading *HK$'000*	Total *HK$'000*
Turnover	423,615	42,173	16,631	5,789	153,104	641,312
Revenue						
External	423,615	42,173	16,631	5,789	–	488,208
Segment results	3,894	6,531	12,996	(139)	26,761	50,043
Share of losses of associates						(10,864)
Unallocated corporate expenses						(55,687)
Unallocated corporate income						44
Loss before tax (continuing operations)						(16,464)

Year ended 31 December 2015
Continuing operations

	Trading of goods *HK$'000*	Finance leasing *HK$'000*	International air and sea freight forwarding *HK$'000*	Securities trading *HK$'000*	Total *HK$'000*
Turnover	311,388	15,476	8,102	118,008	452,974
Revenue					
External	311,388	15,476	8,102	1,330	336,296
Segment results	7,062	10,720	597	(11,890)	6,489
Share of losses of associates					(9,189)
Gain on disposal of property, plant and equipment					150
Unallocated corporate expenses					(44,083)
Unallocated corporate income					829
Loss before tax (continuing operations)					(45,804)

5. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Interest income from		
– bank	**180**	829
– overdue trade receivables	**503**	901
Service income from money lending business	**1,170**	–
Government grant *(note)*	**26**	22
Gain on disposal of property, plant and equipment	**–**	150
Sundry income	**29**	–
	1,908	1,902

Note: During the year ended 31 December 2016, a government grant of approximately HK$26,000 (2015: HK$22,000) was granted to the Group in relation to the job credit scheme in Singapore on the condition that the Group has made Central Provident Fund ("CPF") contributions in Singapore. The government grant has been recognised in the same periods in which the expenses were recognised.

6. LOSS FOR THE YEAR

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Loss for the year has been arrived at after charging:		
Staff costs		
– directors' emoluments	**11,520**	8,585
– other staff costs	**16,837**	12,066
– share-based payment expenses (excluding those for directors and consultants)	**–**	5,340
– retirement benefits scheme contributions (excluding those for directors)	**832**	743
Total staff costs	**29,189**	26,734
Auditor's remuneration	**1,043**	1,138
Depreciation of property, plant and equipment	**3,076**	1,597
Write-off of property, plant and equipment	**10**	–
Net foreign exchange loss	**151**	757
Cost of inventories recognised as expenses	**412,749**	298,311
Share-based payment expenses for consultants	**–**	3,367
Minimum lease payments under operating leases in respect of office premises and staff quarters	**19,052**	11,668
Loss on disposal of available-for-sale investments *(note)*	**14,584**	–

Note: During the year ended 31 December 2016, the Group redeemed the unlisted investments in funds with a carrying amount of HK$18,916,000, which had been measured at fair value immediately before the disposal. Upon the redemption, the accumulated fair value loss of HK$14,584,000 was reclassified from reserve to profit or loss for the current year.

7. INCOME TAX EXPENSE

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Current tax:		
Hong Kong Profits Tax	**590**	–
PRC Enterprise Income Tax	**4,974**	1,664
	5,564	1,664
Under provision in prior years:		
PRC Enterprise Income Tax	**–**	9
Deferred tax:		
Current year	**(3,179)**	–
	2,385	1,673

Hong Kong Profit Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2016. No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2015 as the Group did not have assessable profits.

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries, except Rongjinda Finance Lease Company Limited*（融金達融資租賃有限公司）("Rongjinda Finance"), is 25% from 1 January 2008 onwards.

Rongjinda Finance is established in Qianhai, Shenzhen, and the income tax rate applicable to Rongjinda Finance is 15% pursuant to Commercial Financial Circular No.350/2014 from 1 January 2014 to 31 December 2020.

Taxation arising in Singapore and the United States of America is calculated at the rates prevailing in the relevant jurisdictions.

8. DISCONTINUED OPERATION

On 17 December 2015, the Company entered into a sale and purchase agreement with an independent third party in relation to the disposal of entire equity interests in Graceful Mind Group Limited ("Graceful Mind"), a wholly-owned subsidiary of the Company, which together with its subsidiaries (collectively referred to as the "Graceful Mind Group") carried out all of the Group's operation in relation to manufacturing and sales of coal products, for a consideration of HK$10,000,000.

The major classes of assets and liabilities of the Graceful Mind Group as at 31 December 2015, which were presented as assets and liabilities associated with assets classified as held for sale respectively in the consolidated statement of financial position, were as follows:

	31 December 2015 *HK$'000*
Property, plant and equipment	2,891
Prepaid lease payments, classified as non-current assets	11,226
Goodwill	–
Prepaid lease payments, classified as current assets	264
Inventories	10,327
Trade and other receivables	7,058
Bank balances and cash	2,870
Total assets classified as held for sale	34,636
Trade and other payables	19,721
Loan from a non-controlling shareholder of a subsidiary	29,609
Tax liabilities	5,066
Total liabilities associated with assets classified as held for sale	54,396

The disposal was completed on 24 March 2016, on which date control of Graceful Mind was passed to the acquirer. Following the disposal of Graceful Mind, the Group discontinued its operation in manufacture and sale of coal products.

	2016	2015
	HK$'000	*HK$'000*
Loss for the period/year	**(740)**	(3,514)
Gain on disposal of the discontinued operation	**8,539**	–
Profit (loss) for the period/year from discontinued operation	**7,799**	(3,514)

The loss in relation to manufacture and sale of coal segment for the period from 1 January 2016 to 23 March 2016 and the year ended 31 December 2015, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	Period ended 23 March 2016	Year ended 31 December 2015
	HK$'000	*HK$'000*
Revenue	**–**	–
Other income	**–**	1
Administrative and other expenses	**(403)**	(2,032)
Finance cost	**(337)**	(1,483)
Loss before tax	**(740)**	(3,514)
Income tax	**–**	–
Loss for the period/year	**(740)**	(3,514)
Loss for the period/year from discontinued operation attributable to:		
– owners of the Company	**(244)**	(1,214)
– non-controlling interest	**(496)**	(2,300)
	(740)	(3,514)

Loss for the period/year from discontinued operation included the following:

	2016	2015
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**256**	1,168
Amortisation of prepaid lease payment	**55**	276
Staff costs	**91**	419

During the period from 1 January 2016 to 23 March 2016, Graceful Mind Group recorded net cash outflows from operating activities of approximately HK$1,000 (2015: contributed in HK$4,000) and made no contribution to cash flows in respect of investing activity (2015: HK$1,000) and financing activities (2015: nil).

9. LOSS PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2016	2015
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic and diluted loss per share (Loss for the year attributable to owners of the Company)	**(10,540)**	(48,686)

	2016	2015
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**7,084,238**	4,781,006

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise prices of those options were higher than the average market price for both 2016 and 2015.

For continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

Loss figures are calculated as follows:

	2016	2015
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(10,540)**	(48,686)
Less:		
(Profit) loss for the year from discontinued operation	**(8,295)**	1,214
Loss for the purpose of basic and diluted loss per share from continuing operations	**(18,835)**	(47,472)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

From discontinued operation

Basic and diluted earnings per share for the discontinued operation is HK0.12 cents per share (2015: loss per share of HK0.03 cents per share), based on the profit for the year from the discontinued operation of HK$8,295,000 (2015: loss for the year HK$1,214,000) and the denominators detailed above for both basic and diluted loss per share.

10. FINANCE LEASE RECEIVABLES

All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	2016	2015
	HK$'000	*HK$'000*
Finance lease receivables	**256,034**	176,751
Less: allowance for impairment of finance lease receivables	**(22,184)**	–
Finance lease receivables, net	**233,850**	176,751
Analysed for reporting purposes as:		
– Non-current assets	**37,410**	–
– Current assets	**196,440**	176,751
	233,850	176,751

	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Finance lease receivables comprise:				
Within one year	**204,480**	180,242	**196,440**	176,751
After one year but within two years	**31,746**	–	**30,263**	–
After two years but within five years	**7,303**	–	**7,147**	–
	243,529	180,242	**233,850**	176,751
Less: unearned interest income	**(9,679)**	(3,491)	**–**	–
Present value of minimum lease payment receivables	**233,850**	176,751	**233,850**	176,751

Effective interest rates of the above finance leases range from 5.1% to 6% per annum.

Before accepting any finance lease arrangement, the Group assesses the financial strength of the lessee and considers the credit limit granted to the lessee. In addition, the Group may request for guarantor with strong financial status where necessary.

As at 31 December 2016, finance lease receivables of approximately RMB20,000,000, equivalent to approximately HK$22,334,000 (2015: approximately RMB23,400,000, equivalent to approximately HK$27,940,000) were past due. Included in the carrying amount of the above finance lease receivables as at 31 December 2016 is an individually impaired receivable of approximately RMB18,981,000, equivalent to approximately HK$22,184,000, which impairment was made due to a customer's default in payment. The Group has taken legal actions against this customer and considered the legal opinion from an independent legal adviser during impairment assessment. Management closely monitors the credit quality of finance lease receivables and considers the finance lease receivables that are neither past due nor impaired relate to finance lessees for whom there was no recent history of default. As at 31 December 2016, the age of the finance lease receivables was within two years (2015: within one year) based on the effective dates of the relevant lease contracts.

11. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period normally ranging from 30 days to 180 days (2015: 30 days to 180 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 approximates the respective revenue recognition date.

	2016	2015
	HK$'000	*HK$'000*
0 – 30 days	**1,506**	22,452
31 – 60 days	**58,472**	360
61 – 90 days	**65,697**	44,195
Over 90 days	**2,136**	16
Trade receivables	**127,811**	67,023
Prepayments	**1,702**	1,501
Deposits and other receivables	**4,054**	3,830
	133,567	72,354

12. LOANS AND INTEREST RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Loans receivables, repayable within one year and classified as current asset		
Secured	**80,000**	–
Unsecured	**190,000**	–
	270,000	–
Interest receivables	**9,647**	–
	279,647	–

As at 31 December 2016, secured loans with carrying amount of approximately HK$80,000,000 are secured by share or assets charges provided by borrowers. The loans advanced to the borrowers under the Group's money lending business had loan periods from 6 to 18 months (2015: nil). The loans provided to borrowers bore interest rate ranging from 8% – 15% per annum (2015: nil), depending on the individual credit evaluations of the borrowers. These evaluations focus on the borrowers' financial background, individual credit rating, current ability to pay, and take into account information specific to the borrowers as well as the guarantees and/or security from the borrowers (where necessary). The loans provided to borrowers are repayable in accordance with the loan agreements, in which the principal amounts are repayable on maturity and the interests are repayable half-yearly or on maturity.

The following is an aged analysis of loans and interest receivables, presented based on the dates which loans are granted to borrowers and interests are accrued.

	2016	2015
	HK$'000	*HK$'000*
Within 90 days	**126,586**	–
91 – 180 days	**2,495**	–
181 – 365 days	**150,566**	–
	279,647	–

The Group's financing advances to customers included in the loan receivables are due as of the due date specified in respective loan agreements. As at 31 December 2016, loans and interest receivables of approximately HK$53,459,000 were past due. Subsequent to the balance sheet date, all past due balances were settled. The Group's neither past due nor impaired loan receivables mainly represented loans granted to creditworthy customers for whom there was no recent history of default. Accordingly, the Directors considered that no impairment loss is necessary. Save for the aforesaid, the Group does not hold collateral over those balances.

13. 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:

	2016	2015
	HK$'000	*HK$'000*
0 – 30 days	**423**	272
31 – 60 days	**3**	5
61 – 90 days	**6**	2
Over 90 days	**605**	602
Trade payables	**1,037**	881
Earnest money from finance lease receivables	**6,946**	–
Value-added tax payable	**500**	395
Accrued charges	**8,300**	3,845
Other payables	**6,621**	7,699
	23,404	12,820

The average credit period on purchases of goods is normally ranging from 30 to 90 days (2015: 30 to 90 days).

14. EVENTS AFTER THE REPORTING PERIOD

(a) On 24 January 2017, a wholly-owned subsidiary of the Company, China Best Financial Holdings Limited (the "Purchaser"), ZR International Holding Company Limited (the "Vendor") and Mr. Wu Qiaofeng, both independent third parties, entered into an agreement (the "Agreement") pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the entire equity interest in each of the target companies at a tentative consideration of HK$200,000,000 (subject to adjustment), which will be satisfied by cash. The principal activities of the target companies are securities margin financing, securities brokerage services and futures dealing services. The acquisition is not completed up to the date of this announcement.

Further details of the acquisition are set out in the Company's announcement dated 24 January 2017.

(b) On 13 March 2017, Kang Yong International Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with the purchaser, Honghu Group Limited, and the guarantor, Mr. Deng Junjie, to sell its shareholding in East Favor Global Investment Limited ("East Favor"), representing 49% of the entire issued capital of East Favor, at the consideration of HK$120,000,000. The disposal was completed on 20 March 2017.

Further details of the disposal are set out in the Company's announcement dated 13 March 2017.

(c) Subsequent to the end of the reporting period, an investment in associate with carrying amount of approximately HK$10,760,000 classified in assets held for sale as at 31 December 2016 was repurchased by an existing major shareholder of the associate and the proceeds of approximately Japanese Yen159,241,000 (equivalent to approximately HK$10,910,000) was received on 20 March 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

	2016	2015	**Increase/(decrease) 2016 Vs 2015**	
	HK$'M	*HK$'M*	***HK$'M***	*%*
Financial Results Highlight				
Continuing operations				
Turnover	**641.3**	453.0	**188.3**	**41.6**
Gross profit	**71.4**	32.3	**39.1**	**121.1**
Other operating loss (net)	**(3.9)**	(10.8)	**(6.9)**	**(63.9)**
Total expenses	**(73.2)**	(58.2)	**15.0**	**25.8**
Share of losses of associates	**(10.9)**	(9.2)	**1.7**	**18.5**
Net (loss) profit before tax & non-controlling interests				
– from continuing operations	**(16.5)**	(45.8)	**(29.3)**	**(64.0)**
– from discontinued operation	**7.8**	(3.5)	**11.3**	**322.9**
Loss for the year	**(11.1)**	(51.0)	**(39.9)**	**(78.2)**
Loss for the year attributable to owners of the Company				
– from continuing operations	**(18.8)**	(47.5)	**(28.7)**	**(60.4)**
– from discontinued operation	**8.3**	(1.2)	**9.5**	**791.7**
	(10.5)	(48.7)	**(38.2)**	**(78.4)**
Extract of Financial Position				
Total assets	**1,056.7**	767.0	**289.7**	**37.8**
Total liabilities	**(31.1)**	(74.0)	**(42.9)**	**(58.0)**
Net current assets	**874.9**	530.0	**344.9**	**65.1**
Bank balances and cash	**170.2**	87.5	**82.7**	**94.5**
Total net assets	**1,025.6**	693.0	**332.6**	**48.0**

OVERVIEW

For the year ended 31 December 2016, the Group's turnover was approximately HK$641.3 million, representing an increase of 41.6% as compared with HK$453.0 million in last year. The Group recorded a gross profit of approximately HK$71.4 million for the year ended 31 December 2016, representing an increase of approximately 121.1% compared with approximately HK$32.3 million in last year. The net loss for the year was approximately HK$11.1 million which was narrowed by approximately 78.2% as compared with approximately HK$51.0 million in last year. The loss was mainly attributable to, among other things, (i) the increase in administrative and other expenses by approximately HK$15.0 million in line with expanded business activities; (ii) the recognition of an impairment loss of approximately HK$22.2 million in relation to a finance lease receivable for customer's default in payment; and (iii) a loss of approximately HK$14.6 million upon redemption of certain unlisted investments in funds. The loss for the year attributable to owners of the Company was approximately HK$10.5 million (2015: approximately HK$48.7 million).

BUSINESS AND FINANCIAL REVIEW

Finance Leasing Business

The Group commenced its finance leasing business in July 2015 and has been engaged in providing finance lease services in the PRC. The sale and lease back arrangement is the main business model for existing customers. The leased assets primarily consist of plant and equipment, motor vehicle and other tangible assets. For the year ended 31 December 2016, the turnover of the Group's finance leasing business amounted to approximately HK$42.2 million (2015: approximately HK$15.5 million) whereas segment profit of approximately HK$6.5 million was achieved (2015: approximately HK$10.7 million).

Money Lending Business

The Group holds a money lenders licence in Hong Kong and provides loan facilities to prospective customers including enterprises and individuals. This segment has begun to generate returns to the Group since April 2016. For the year ended 31 December 2016, the turnover of the Group's money lending business amounted to approximately HK$16.6 million (2015: nil). Corresponding segment profit of approximately HK$13.0 million was made for the year ended 31 December 2016 (2015: nil).

Trading Business

The Group trades goods, including fuel oil, radio system and electronic appliance, in the PRC and Hong Kong. For the year ended 31 December 2016, the turnover of the Group's trading business amounted to approximately HK$423.6 million (2015: approximately HK$311.4 million) whereas the gross profit was approximately HK$10.9 million (2015: approximately HK$13.1 million). The Group recorded a profit of approximately HK$3.9 million (2015: approximately HK$7.1 million) in this segment.

Securities Investment Business

It represents trading of listed equity securities in the Hong Kong stock market and dividend income (if any) from such listed equity securities. For the year ended 31 December 2016, the turnover of the Group's securities investment business amounted to approximately HK$153.1 million (2015: approximately HK$118.0 million). During the year, the Group recorded a realised gain of approximately HK$1.5 million (2015: realised gain of approximately HK$35.0 million) and a net unrealised fair value gain of the listed securities of approximately HK$29.4 million (2015: net unrealised loss of approximately HK$47.7 million). For the year ended 31 December 2016, the Group did not receive any dividend income (2015: approximately HK$1.3 million). As at 31 December 2016, the Group held trading securities with value of approximately HK$115.3 million (2015: approximately HK$232.7 million).

Freight Forwarding Business

This segment engages in the provision of international air and sea freight forwarding and logistic services to customers in Singapore and America. For the year ended 31 December 2016, the turnover of the Group's freight forwarding business amounted to approximately HK$5.8 million (2015: approximately HK$8.1 million). Corresponding gross profit of approximately HK$1.8 million and segment loss of approximately HK$0.1 million were made for the year ended 31 December 2016 respectively (2015: gross profit of approximately HK$2.4 million and segment profit of approximately HK$0.6 million).

Coal Business (classified as "Discontinued Operation")

As disclosed in the Company's announcement dated 17 December 2015, the Company entered into a sale and purchase agreement on the same day with an independent purchaser to dispose of the Group's coal business. The disposal was completed in March 2016. The Company is no longer engaged in the coal business after completion of the aforesaid disposal. For the year ended 31 December 2016, there was no turnover of coal products and the profit from this discontinued operation of approximately HK$7.8 million mainly represented gain on the aforesaid disposal of approximately HK$8.5 million which was offset by administrative and other costs of approximately HK$0.7 million incurred up to the completion of disposal (2015: segment loss of approximately HK$2.0 million).

OUTLOOK

Since 2015, the Group has been transforming its principal activities into the financial service sector. On 24 January 2017, the Group conditionally agreed to purchase entire interests of several companies which are principally engaged in the provision of financial services, including securities and futures dealing, margin financing, asset management and stock broking in Hong Kong. As at the date of this announcement, the aforesaid transaction is still subject to fulfillment of conditions precedent, including the approval from the Securities and Futures Commission (the "SFC") in relation to the change of substantial shareholder. After completion of the aforesaid transaction, the Group will be eligible to carry on regulated business activities governed by the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO"), namely, Type 1 regulated activity (dealing in securities), Type 2 regulated activity (dealing in futures contracts), Type 4 regulated activity (advising on securities), Type 5 regulated activity (advising on futures contracts), and Type 9 regulated activity (asset management). It is expected that these new business units will enjoy substantial growth opportunity by leveraging resources and the network of the Group and could provide a diversified source of income for the Group.

In respect of its existing businesses, the Group will continue reviewing its strategy of and resources allocation for respective business segments and developments. The Group will prioritise its resources into growing businesses, such as money lending segment. Apart from existing business operation, the Group will from time to time explore investment opportunities for business development of the Group in the financial sector. 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 with the aim to maximise the returns of the shareholders of the Company.

LIQUIDITY AND CASHFLOW RESOURCES

As at 31 December 2016, the equity and net current assets of the Group amounted to approximately HK$1,025.6 million (2015: approximately HK$693.0 million) and HK$874.9 million (2015: approximately HK$530.0 million) respectively. On the same date, the Group had bank balances and cash of approximately HK$170.2 million (2015: approximately HK$87.5 million) and the current ratio was 29.16 (2015: 8.16).

The Group has sufficient and readily available financial resources for both general working capital purposes and existing business plan.

PLEDGE OF ASSETS

As at 31 December 2016 and 2015, none of the Group's securities was pledged to brokers to secure the margin loan. As at 31 December 2016 and 2015, there were no other significant assets pledged to banks to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2016 and 2015, the Group had no material contingent liabilities.

CAPITAL EXPENDITURE

During the year ended 31 December 2016, the Group incurred approximately HK$3.0 million as capital expenditure (2015: approximately HK$8.9 million).

CAPITAL COMMITMENTS

As at 31 December 2016 and 2015, the Group had no material capital commitment.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2016, the Group held available-for-sale investments of approximately HK$13.8 million (2015: approximately HK$51.8 million) and held for trading investments of approximately HK$115.3 million (2015: approximately HK$232.7 million).

Company Name/Stock Code	Number of shares held ('000)		% of shareholding (%)		Realised gain (HK$'000)	Unrealised gain (loss) on fair value change (HK$'000)	Fair value (HK$'000)	(HK$'000)	% of Net Assets (%)		Dividend received (HK$'000)	(HK$'000)	Total investment cost (HK$'000)
	As at 31.12.2016	As at 31.12.2015	As at 31.12.2016	As at 31.12.2015	For the year ended 31.12.2016	For the year ended 31.12.2016	As at 31.12.2016	As at 31.12.2015	As at 31.12.2016	As at 31.12.2015	For the year ended 31.12.2016	For the year ended 31.12.2015	As at 31.12.2016
Leyou Technologies Holdings Ltd. (1089) ("LTHL")	**43,500**	117,905	**1.52**	4.11	**21,529**	**36,975**	**69,600**	88,429	**6.79**	12.76	**–**	–	**43,353**
Ding He Mining Holdings Limited (705) ("DHMH")	**80,004**	80,004	**1.45**	1.45	**–**	**320**	**10,481**	10,161	**1.02**	1.47	**–**	–	**14,960**
Co-Prosperity Holdings Ltd. (707) ("CPHL")	**48,266**	64,900	**1.21**	3.19	**(1,286)**	**(2,827)**	**9,557**	17,848	**0.93**	2.58	**–**	–	**16,681**
China Ocean Fishing Holdings Limited (8047) ("COFH")	**25,000**	25,000	**1.24**	1.49	**–**	**5,250**	**7,375**	2,125	**0.72**	0.31	**–**	–	**3,141**
China Minsheng Drawin Technology Group Ltd. (726) ("CMDT")	**33,500**	63,500	**0.33**	0.62	**(4,122)**	**(9,112)**	**7,303**	31,115	**0.71**	4.49	**–**	–	**8,291**
Chinese Energy Holdings Limited (8009) ("CEHL")	**54,700**	54,700	**2.53**	2.53	**–**	**(1,203)**	**7,275**	8,478	**0.71**	1.22	**–**	–	**11,684**
Others *(note)*					**(14,592)**	**40**	**3,675**	74,530	**0.36**	10.75	**–**	1,330	**15,565**
Total					**1,529**	**29,443**	**115,266**	232,686	**11.24**	33.58	**–**	1,330	**113,675**

Note: The fair value of each of these investments represented less than 5% of fair value of all those held for trading investments of the Group as at 31 December 2016.

Based on public information available at the websites of the respective listed companies as at the date of this announcement, LTHL is principally engaged in the development and publishing of video games. DHMH is principally engaged in (i) the mining of dolomite and manufacturing of magnesium ingot in Malaysia; (ii) bottling and sale of mineral water in the People's Republic of China; and (iii) exploration of mining resources in the Republic of Indonesia. CPHL is principally engaged in five business streams including (i) processing, printing and sales of finished fabrics; (ii) trading of fabric and clothing; (iii) money lending; (iv) securities investment; and (v) media, cultural, entertainment and advertising industry. COFH is principally engaged in supply chain management services and money lending business. CMDT is principally engaged in prefabricated construction business and property investment in the PRC. CEHL is principally engaged in general trading (including marketing sourcing of technical and electronic products), trading of LNG products, investment in financial assets, provision of money lending and factoring services.

During the year ended 31 December 2016, the Group redeemed unlisted investments in funds and recognised loss of approximately HK$14.6 million in the income statement while fair value loss on the remaining available-for-sale investments in the amount of approximately HK$2.7 million was recognised in other comprehensive income for the year. The Group's available-for-sale investments as at 31 December 2016 comprised of (i) listed equity investment in London at a fair value of approximately HK$6.3 million; and (ii) unlisted equity securities in Hong Kong at cost less impairment loss, i.e. the carrying amount of approximately HK$7.5 million.

As at 31 December 2016 and 2015, all financial assets at fair value through profit and loss represented listed securities in Hong Kong. The stock market was still volatile in 2016 but the downward pressure was weakened compared to that in the second half of 2015. As at 31 December 2016, the Group recorded an unrealised fair value gain of approximately HK$29.4 million in respect of investment in listed securities held for trading.

The Board acknowledges that the performance of the equities may be affected by the degree of volatility in the Hong Kong stock market and susceptible to other external factors that may affect their values. Accordingly, in order to mitigate possible financial risks related to the equities, the Board will continue to maintain a diversified investment portfolio across various segments of the market and also closely monitor the performance progress of its investment portfolio from time to time going forward.

MATERIAL ACQUISITION AND DISPOSAL

On 26 February 2016, the Group entered into a subscription contract, pursuant to which Pets Best Japan Co., Ltd. ("Pets Best") has agreed to issue and the Group has agreed to subscribe for 8,300 new shares of Pets Best, which represent a 14.98% interests in the enlarged share capital of Pets Best upon completion of the subscription, at the consideration of Japanese Yen144,154,400 (equivalent to approximately HK$9.9 million). The subscription was completed in March 2016 and Pets Best became an associate of the Company immediately following the completion. Details of the subscription are set out in the Company's announcement dated 26 February 2016.

Save as disclosed above, there was no other material acquisition or disposal (including the acquisition or disposal of subsidiaries and associated companies) for the year ended 31 December 2016.

FUND RAISING ACTIVITIES AND USE OF PROCEEDS

Save as disclosed below, the Company did not conduct any other fund raising activities during the year.

Date of announcement/ circular	Fund raising activities	Net proceeds	Intended use of proceeds	Actual use of proceeds
9 December 2015 (announcement) 31 December 2015 (circular)	Issue of 2,000,000,000 new shares on 3 February 2016 at the price of HK$0.18 per share, representing a discount of approximately 26.23% to the closing price of HK$0.244 per share as quoted on the Stock Exchange as at the last trading day immediately prior to the date of share subscription agreement, under specific mandate granted to the Directors at the special general meeting held on 18 January 2016.	Approximately HK$356 million	a) Approximately HK$90 million for the finance lease agreement dated 2 November 2015 (as supplemented and amended by a supplemental agreement dated 16 December 2015) (the "Finance Lease Agreement") between Rongjinda Finance Leasing Co., Ltd*（融金達融資租賃有限公司）("Rongjinda Finance Leasing") and Dishangtie Zuche (Shenzhen) Co., Ltd*（地上鐵租車（深圳）有限公司）("Dishangtie").	(a) As certain conditions precedent set out in the Finance Lease Agreement have not been fulfilled, or if applicable, waived and the deadline of 30 June 2016 for the payment has passed, Rongjinda Finance Leasing and Dishangtie entered into a termination agreement on 5 July 2016 pursuant to which the parties agreed to terminate the Finance Lease Agreement with effect from the same date. As at the date of this announcement approximately HK$84 million has been used under another four finance lease agreements. Approximately HK$6 million will be used for general working capital.
			(b) HK$40 million for the loan agreement dated 2 November 2015 (as supplemented and amended by a supplemental agreement dated 16 December 2015) between China Best Finance Limited and Anli Holdings Limited ("Anli Holdings").	(b) HK$40 million was used as intended.

Date of announcement/ circular	Fund raising activities	Net proceeds	Intended use of proceeds	Actual use of proceeds
			(c) Approximately HK$60 million for purchasing not less than 60% of the issued shares of Anli Holdings or acquiring other suitable securities companies, futures companies and/or asset management companies.	(c) As disclosed in the Company's announcement dated 24 January 2017, the Group intended to use this portion of net proceeds in acquiring, among others, licensed corporations carrying on regulated activities governed by the SFC.
			(d) Approximately HK$60 million for subscription of 55% of the enlarged equity interest in Pets Best, a pets health insurance company in Japan.	(d) Approximately HK$12million had been utilised for subscription of 14.98% of the enlarged equity interest in Pets Best and related transaction costs. The remaining approximately HK$40 million will be used for the acquisition disclosed in the Company's announcement dated 24 January 2017 and the approximately HK$8 million will be used for general working capital.
			(e) Approximately HK$80 million for the expansion of trading business of the Group.	(e) Approximately HK$80 million was used in trading business of the Group.
			(f) Approximately HK$26 million for general working capital.	(f) Approximately HK$26 million was utilised for general working capital.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's monetary assets, loans and transactions are principally denominated in Hong Kong dollars, Renminbi and US dollars. During the year, there was no significant fluctuation in the exchange rates of Hong Kong dollars and US dollars whereas Renminbi had a downward adjustment, resulting in an exchange loss of approximately HK$26.2 million recognised as other comprehensive expenses of the Group. The Group will take a prudent approach against any impact arising from the fluctuation in exchange rates but currently is not engaged in any derivative activities and not committed to any financial instruments to hedge its balance sheet exposure.

EMPLOYEE AND HUMAN RESOURCES POLICY

As at 31 December 2016, the Group had 55 staff (2015: 51 staff). The total staff cost incurred for the year ended 31 December 2016 was approximately HK$29.2 million (2015: approximately HK$26.7 million). The remuneration of employees was determined with reference to the qualification and experience of individual staff member, market circumstances and the Group's performance. In accordance with the Listing Rules, the staff of the Company's accounting and financial reporting function have adequate training programmes 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") PERFORMANCE

The Group continually reviews its ESG efforts, corporate governance and risk management practices with the aim to create and deliver sustainable value to all its stakeholders. The Group has been looking for opportunities to reduce the consumption of resources in order to reduce the impact on the environment. Details of the Group's ESG efforts will be set out in its 2016 annual report.

FINAL DIVIDEND

The Board has resolved not to recommend any final dividend for the year ended 31 December 2016 (2015: 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 2016 (2015: Nil).

REVIEW OF FINANCIAL INFORMATION

The Board has established the audit committee of the Company (the "Audit Committee") in accordance with the Listing Rules. The Audit Committee currently comprises Mr. Ru Xiangan, Mr. Liu Haiping and Mr. Liu Tonghui, the three independent non-executive Directors of the Company. A summary of duties and works of the Audit Committee will be set out in the "Corporate Governance Report" in the 2016 annual report which will be despatched to the shareholders in due course.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters. The Audit Committee has reviewed the financial results of the Group for the year ended 31 December 2016.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 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.

CORPORATE GOVERNANCE CODE OF THE LISTING RULES

In the opinion of the Board, saved as disclosed below, none of the Directors is aware of any information that would reasonably indicate that the Company was not in compliance with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules during the year.

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 role of the chairman was performed by Mr. Tan Xiangdong, who provided leadership for the Board and was responsible for chairing meetings, managing the operations of the Board and ensuring that all major and appropriate issues were discussed by the Board in a timely and constructive manner. He is also responsible for the strategic management of the Group and for formulating the Group's overall corporate direction and focus.

The Company currently has no chief executive officer as the Board has not identified a suitable candidate to fill this causal vacancy. However, the Board believes that the existing structure together with the extensive experience of the Board are conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently.

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. Due to various work commitments, three independent non-executive Directors were unable to attend the special general meeting held on 18 January 2016; four executive Directors and two independent non-executive Directors were unable to attend the special general meeting held on 17 February 2016; and two independent non-executive Directors were unable to attend the annual general meeting held on 24 May 2016.

The code provision A.4.1 of the CG Code stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. The former independent non-executive Directors, namely, Mr. Chan Fong Kong Francis, Mr. Chen Zhenguo and Mr. Li Yu were not appointed for a specific term but subject to retirement by rotation once every three years under the Company's Bye-laws. During the year, all of them resigned and existing independent non-executive Directors, namely, Mr. Liu Haiping and Mr. Liu Tonghui and Mr. Ru Xiangan were respectively appointed for three-year term and subject to re-election. After the appointment of existing independent non-executive Directors, the Company has complied with the code provision A.4.1 of the CG Code.

Under the code provision C.2.5 of the CG Code, the Group should have an internal audit function. However, due to the size of the Group and for cost effectiveness consideration, the Group currently does not have an internal audit function. Instead, the Audit Committee has a review on the internal control system annually. The review covers major financial, operational controls in rotation basis and also the risk management functions. No significant deficiency was identified under current year's review and the systems were operating effectively and adequately. The Group continues to review the need for an internal audit function annually.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for maintaining the Group's risk management and internal control systems to safeguard shareholders' investment and for 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 on all Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 26 May 2017 to Thursday, 1 June 2017 (both days inclusive), during which no transfer of shares will be registered. In order to qualify to be shareholders of the Company to attend and vote at the annual general meeting to be held on Thursday, 1 June 2017, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Thursday, 25 May 2017.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement containing the results of the Group for the year ended 31 December 2016 is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.cbgroup.com.hk) respectively. The 2016 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
Mr. Li Yang
Deputy Chairman

Hong Kong, 30 March 2017

As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Tan Xiangdong, Mr. Li Yang, Mr. Liu Wei, Mr. Chen Wei and Mr. Fan Jie, and three independent non-executive Directors, namely, Mr. Ru Xiangan, Mr. Liu Haiping and Mr. Liu Tonghui.