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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board of directors (the "Board") of China Best Group Holding Limited (the "Company") would like to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2018 together with the comparative figures for the six months ended 30 June 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
			(Restated)
Turnover	*3*	**208,451**	356,305
Revenue:	*3*		
– Trading of goods		**165,201**	204,100
– Provision of international air and sea freight forwarding services		**3,509**	3,819
– Consultancy income from finance leases		**19,576**	11,998
– Interest income from finance leases		**8,453**	5,971
– Interest income from money lending		**11,365**	18,445
– Brokerage commission and dealing income		**347**	–
		208,451	244,333

* *For identification purpose only*

	Notes	Six months ended 30 June 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited) (Restated)
Operating costs:			
– Cost of trading goods sold		**(162,283)**	(199,550)
– Cost of providing international air and sea freight forwarding services		**(2,432)**	(2,828)
– Cost of providing brokerage and dealing services		**(265)**	–
		(164,980)	(202,378)
Other income		**3,260**	1,806
Administrative and other expenses		**(22,277)**	(18,075)
Staff costs		**(15,714)**	(14,621)
Realised loss on investments at fair value through profit or loss		**–**	(3,294)
Unrealised loss on investments at fair value through profit or loss		**(2,028)**	(3,652)
Share of losses of associates		**–**	(2,183)
Gain on disposal of asset classified as held for sale		**–**	281
Gain on disposal of an associate		**–**	29,420
Profit before tax		**6,712**	31,637
Income tax	*5*	**(6,056)**	(4,507)
Profit for the period	*6*	**656**	27,130
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss:			
Share of other comprehensive income of associates		**–**	501
Translation reserve released upon disposal of associates		**–**	7,051
Exchange differences on translation of foreign operations		**(5,341)**	12,406
Items that will not be reclassified to profit or loss:			
Fair value loss on equity investments at fair value through other comprehensive income		**(8,855)**	(926)
Total comprehensive (loss)/income for the period		**(13,540)**	46,162

		Six months ended 30 June	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
			(Restated)
Profit for the period attributable to:			
Owners of the Company		**661**	27,138
Non-controlling interests		**(5)**	(8)
		656	27,130
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		**(13,533)**	46,164
Non-controlling interests		**(7)**	(2)
		(13,540)	46,162
Earnings per share			
Basic and diluted *(HK cents)*	*8*	**0.01**	0.37

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	As at 30 June 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited) (Restated)
Non-current assets			
Property, plant and equipment		**6,671**	8,477
Intangible asset		**811**	811
Equity investments at fair value through other comprehensive income		**21,967**	30,822
Finance lease receivables	*9*	**–**	7,673
Loans and interest receivables	*10*	**55,000**	–
Goodwill		**71,582**	71,582
Regulatory deposits		**1,705**	1,705
Deferred tax assets		**5,623**	5,689
		163,359	126,759
Current assets			
Finance lease receivables	*9*	**199,268**	193,737
Loans and interest receivables	*10*	**301,843**	362,464
Trade and other receivables	*11*	**195,764**	183,596
Promissory note receivable		**90,000**	90,000
Investments at fair value through profit or loss		**14,352**	16,380
Pledged bank deposit		**58**	59
Bank balances held on behalf of clients		**16,928**	33,897
Bank and cash balances		**261,575**	173,281
		1,079,788	1,053,414

	Notes	As at 30 June 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited) (Restated)
Current liabilities			
Trade and other payables	*12*	**41,922**	66,245
Tax liabilities		**11,744**	10,312
		53,666	76,557
Net current assets		**1,026,122**	976,857
NET ASSETS		**1,189,481**	1,103,616
Capital and reserves			
Share capital		**435,828**	363,228
Share premium and reserves		**753,701**	740,429
Equity attributable to owners of the Company		**1,189,529**	1,103,657
Non-controlling interests		**(48)**	(41)
TOTAL EQUITY		**1,189,481**	1,103,616

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 " Interim Financial Reporting " issued by the Hong Kong Institute of Certified Public Accountants (the " HKICPA ") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

These condensed consolidated financial statements should be read in conjunction with the 2017 annual consolidated financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2017 except as stated below.

(a) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

– Financial assets at amortised cost;

– Equity investments at fair value through other comprehensive income; and

– Investments at fair value through profit or loss.

(i) Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

– the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

– the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(ii) Equity investments at fair value through other comprehensive income

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that are not held for trading as at fair value through other comprehensive income.

Equity investments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair values recognised in other comprehensive income and accumulated in the equity investment revaluation reserve. On derecognition of an investment, the cumulative gains or losses previously accumulated in the equity investment revaluation reserve are not reclassified to profit or loss.

Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

(iii) Investments at fair value through profit or loss

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Investments at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

(b) Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost and lease receivables. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables and lease receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables and lease receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

(c) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance;

– the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

– the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2018. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years except as stated below.

HKFRS 9 (2014) "Financial Instruments"

Available-for-sale investments are now classified as equity investments at fair value through other comprehensive income.

HKFRS 9 (2014) has been applied retrospectively and resulted in changes in the consolidated amounts reported in the financial statements as follows:

	As at 31 December 2017 *HK$'000*
Decrease in available-for-sale investments	(14,562)
Increase in equity investment revaluation reserve	16,260
Increase in equity investments at fair value through other comprehensive income	30,822
Decrease in held for trading investments	(16,380)
Increase in investments at fair value through profit or loss	16,380

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. TURNOVER AND REVENUE

Turnover arises from (i) trading on radio system, electronic appliance and fuel; (ii) gross proceeds from disposal of held for trading investments; (iii) provision of international air and sea freight forwarding services; (iv) consultancy income in respect of finance leases; (v) interest income from finance leases; (vi) interest income from money lending; and (vii) brokerage commission and dealing income from brokerage business. An analysis of the Group's turnover for the period is as follows:

	For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Trading of goods	**165,201**	204,100
Gross proceeds from disposal of held for trading investments	**–**	111,972
Provision of international air and sea freight forwarding services	**3,509**	3,819
Consultancy income from finance leases	**19,576**	11,998
Interest income from finance leases	**8,453**	5,971
Interest income from money lending	**11,365**	18,445
Brokerage commission and dealing income	**347**	–
	208,451	356,305

The Group has recognised the following amounts relating to revenue in profit or loss:

	For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers *(Note (a))*	**169,057**	207,919
Revenue from other sources		
– Consultancy income from finance leases	**19,576**	11,998
– Interest income from finance leases	**8,453**	5,971
– Interest income from money leading	**11,365**	18,445
	208,451	244,333

Note:

(a) Disaggregation of revenue from contracts with customers:

	Trading of goods *HK$'000*	Brokerage *HK$'000*	International air and sea freight forwarding *HK$'000*	Total *HK$'000*
Six months ended 30 June 2018 (Unaudited):				
Geographical markets				
Hong Kong	–	347	–	347
People's Republic of China (the "PRC")	165,201	–	–	165,201
Singapore	–	–	880	880
United States of America	–	–	2,629	2,629
	165,201	347	3,509	169,057
Major products/services				
Trading of electronic products	165,201	–	–	165,201
Financial services	–	347	–	347
International air and sea freight forwarding services	–	–	3,509	3,509
	165,201	347	3,509	169,057

	Trading of goods *HK$'000*	International air and sea freight forwarding *HK$'000*	Total *HK$'000*
Six months ended 30 June 2017 (Unaudited):			
Geographical markets			
Hong Kong	–	–	–
PRC	204,100	–	204,100
Singapore	–	719	719
United States of America	–	3,100	3,100
	204,100	3,819	207,919
Major products/services			
Trading of electronic products	204,100	–	204,100
International air and sea freight forwarding services	–	3,819	3,819
	204,100	3,819	207,919

All revenue from trading of goods, brokerage and international air and sea freight forwarding is recognised at a point in time.

4. SEGMENT INFORMATION

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

Specifically, the Group's reportable segments are as follows:

(a) Trading of goods segment engages in trading of products including but not limited to radio system, electronic appliance and fuel in the PRC;

(b) Finance leasing segment engages in finance leasing of plant and machinery in the PRC;

(c) Money lending segment engages in money lending in Hong Kong;

(d) Brokerage segment engages in securities and futures dealing services in Hong Kong;

(e) International air and sea freight forwarding segment engages in the provision of international air and sea freight forwarding and logistic services to customers in Singapore and United States of America; and

(f) Securities trading segment engages in trading of equity securities and dividend income from held for trading investments in Hong Kong.

Segment results represent the profit earned by or loss incurred by each segment without allocation of central administration costs, directors' emoluments, depreciation of certain property, plant and equipment, share of losses of associates, gain on disposal of an associate, gain on disposal of asset classified as held for sale, gain on disposal of property, plant and equipment, net foreign exchange gain (loss), interest income from promissory note receivable, bank interest income and sundry income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

The following tables present revenue and segment results regarding the Group's operating segments for the six months ended 30 June 2018 and 2017, respectively.

	Trading of goods *HK$'000*	Finance leasing *HK$'000*	Money lending *HK$'000*	Brokerage *HK$'000*	International air and sea freight forwarding *HK$'000*	Securities trading *HK$'000*	Total *HK$'000*
Six months ended 30 June 2018 (Unaudited):							
Turnover	**165,201**	**28,029**	**11,365**	**347**	**3,509**	**–**	**208,451**
Revenue from the external customers	**165,201**	**28,029**	**11,365**	**347**	**3,509**	**–**	**208,451**
Reportable segment profit/(loss)	**(2,238)**	**20,854**	**7,654**	**(5,309)**	**153**	**(3,429)**	**17,685**
Unallocated other income							**3,258**
Unallocated corporate expenses							**(14,231)**
Profit before tax							**6,712**

	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*
Six months ended 30 June 2017 (Unaudited):						
Turnover	204,100	17,969	18,445	3,819	111,972	356,305
Revenue from the external customers	204,100	17,969	18,445	3,819	–	244,333
Reportable segment profit/(loss)	1,163	11,574	16,011	108	(8,873)	19,983
Share of losses of associates						(2,183)
Unallocated other income						31,116
Unallocated corporate expenses						(17,279)
Profit before tax						31,637

5. INCOME TAX

	For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
– Hong Kong Profits Tax	**–**	1,113
– PRC Corporate Income Tax ("CIT")	**6,056**	2,266
– Withholding tax on distributed earnings of a PRC subsidiary *(Note)*	**–**	1,128
	6,056	4,507

Hong Kong Profits Tax has not been provided for the six months ended 30 June 2018 as the loss for taxation purposes is estimated during the period. Hong Kong Profits Tax had been provided at the rate of 16.5% on the estimated assessable profit for the six months ended 30 June 2017.

Under the Law of the PRC on CIT (the "CIT Law") and Implementation Regulation of the CIT Law, the tax rate of the PRC subsidiaries is 25%.

Note: According to the PRC New CIT Law, distribution of profits earned by PRC companies since 1 January 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

6. PROFIT FOR THE PERIOD

The Group's profit for the period is stated after charging/(crediting) the following:

	For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Auditor's remuneration	**475**	505
Cost of inventories sold	**162,283**	199,550
Depreciation of property, plant and equipment	**1,879**	1,697
Government grant	**(2)**	(4)
Bank interest income	**(350)**	(108)
Net foreign exchange gain	**(143)**	(179)
Written off of plant and equipment	**–**	50
Minimum lease payments under operating leases in respect of office premises and staffs' quarters	**10,604**	8,225
Staff costs (including directors' remuneration)	**15,714**	14,621

7. DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the profit attributable to owners of the Company of approximately HK$661,000 (six months ended 30 June 2017: HK$27,138,000) and the weighted average of approximately 7,312,699,000 ordinary shares (six months ended 30 June 2017: 7,264,566,000) in issue during the period.

The computation of diluted earnings per share for the six months ended 30 June 2018 and 2017 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 of the Company's shares.

9. FINANCE LEASE RECEIVABLES

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

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Finance lease receivables	**221,760**	224,166
Less: allowance for impairment of finance lease receivables	**(22,492)**	(22,756)
Finance lease receivables, net	**199,268**	201,410
Analysed for reporting purposes as:		
– Non-current assets	**–**	7,673
– Current assets	**199,268**	193,737
	199,268	201,410

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2018	31 December 2017	**30 June 2018**	31 December 2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Finance lease receivables comprise:				
Within one year	**200,483**	195,230	**199,268**	193,737
After one year but within two years	**–**	7,840	**–**	7,673
	200,483	203,070	**199,268**	201,410
Less: unearned interest income	**(1,215)**	(1,660)	**–**	–
Present value of minimum lease payment receivables	**199,268**	201,410	**199,268**	201,410

Effective interest rates of the above finance leases range from 6% to 8% (31 December 2017: 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 the guarantor with strong financial status where necessary.

As at 30 June 2018, finance lease receivables before allowance for impairment of approximately RMB29,103,000, equivalent to approximately HK$34,487,000 (31 December 2017: approximately RMB149,410,000, equivalent to approximately HK$179,127,000) was past due. Included in the carrying amount of the above finance lease receivables as at 30 June 2018 is an individually impaired receivable of approximately RMB18,981,000, equivalent to approximately HK$22,492,000 (31 December 2017: approximately RMB18,981,000, equivalent to approximately HK$22,756,000) 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. For the remaining past due amount of approximately RMB10,122,000 (equivalent to approximately HK$11,995,000), subsequent to the end of the reporting period, partial settlements of approximately RMB928,000 (equivalent to approximately HK$1,099,000) were received and repayment terms and schedules have been in negotiation between the Group and the lessees. Accordingly, the directors considered no impairment loss needs to be recognised.

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 30 June 2018, the age of the finance lease receivables was within three years (31 December 2017: within three years) based on the effective dates of the relevant lease contracts.

10. LOANS AND INTEREST RECEIVABLES

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loans receivables:		
Secured	**46,000**	80,000
Unsecured	**292,131**	260,000
	338,131	340,000
Interest receivables	**18,712**	22,464
	356,843	362,464
Analysed for reporting purposes as:		
– Non-current assets	**55,000**	–
– Current assets	**301,843**	362,464
	356,843	362,464

As at 30 June 2018, secured loans with carrying amount of HK$46,000,000 (31 December 2017: HK$80,000,000) were secured by shares or assets charges provided by borrowers. The Group does not hold any collateral over the unsecured loans. The remaining carrying amount of approximately HK$292,131,000 (31 December 2017: HK$260,000,000) represents unsecured loans certain of which are accompanied by personal or corporate guarantee. The loans advanced to the borrowers under the Group's money lending business normally had loan periods from 6 to 30 months (31 December 2017: 6 to 18 months). The loans provided to borrowers bore interest rate ranging from 8% – 15% per annum (31 December 2017: 8% – 15% per annum), 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, 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.

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 90 days	**5,023**	4,994
91 – 180 days	**58,581**	6,802
181 – 365 days	**6,344**	199,131
Over 365 days	**286,895**	151,537
	356,843	362,464

As at 30 June 2018, loans and interest receivables of approximately HK$143,372,000 (31 December 2017: HK$206,924,000) were past due. Subsequent to the end of the reporting period, approximately HK$3,645,000 of the past due balances were settled. The remaining past due amount of approximately HK$139,727,000 are due from several borrowers with whom the Group is negotiating practicable repayment terms and schedules. The directors assessed their creditworthiness and financial position and are of view that no impairment loss is necessary. 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 secured loans, the Group does not hold collateral over other balances.

11. TRADE AND OTHER RECEIVABLES

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Trade receivables arising from trading business	**159,332**	153,007
Trade receivables arising from the securities and futures brokerage business	**10,215**	14,089
Trade receivables arising from finance leasing business	**17,458**	4,316
Trade receivables arising from international air and sea freight forwarding business	**2,034**	2,420
Less: allowance for impairment	**(1,468)**	(1,460)
	566	960
Prepayments	**1,273**	1,905
Deposit and other receivables	**6,920**	9,319
	195,764	183,596

The Group allows an average credit period normally ranging from 30 days to 180 days (31 December 2017: 30 days to 180 days) to its customers. The following is an aged analysis of trade receivables (net of allowance for doubtful debt) presented based on the invoice date or the payment date as stated in the respective contracts at the end of the reporting period, which approximates the respective revenue recognition date.

	Trading business *HK$'000*	**Finance leasing business** *HK$'000*	**International air and sea freight forwarding business** *HK$'000*
30 June 2018 (Unaudited):			
Within 30 days	**–**	**4,107**	**300**
31 – 60 days	**–**	**4,613**	**124**
61 – 90 days	**–**	**4,613**	**84**
Over 90 days	**159,332**	**4,125**	**58**
	159,332	**17,458**	**566**

	Trading business *HK$'000*	Finance leasing business *HK$'000*	International air and sea freight forwarding business *HK$'000*
31 December 2017 (Audited):			
Within 30 days	–	–	587
31 – 60 days	141,644	–	195
61 – 90 days	–	–	15
Over 90 days	11,363	4,316	163
	153,007	4,316	960

The settlement term of trade receivables arising from the securities brokerage business are two trade days after the trade execution date. The trade receivables from Hong Kong Futures Exchange Clearing Corporation Limited and futures brokers are repayable on demand which represent amounts deposited for trade execution purpose.

Included in the Group's trade receivables balances are debtors with aggregate carrying amount of approximately HK$172,742,000 (31 December 2017: HK$4,479,000) which were past due at the end of the reporting period and for which the Group has not provided for doubtful debt. The Group does not hold any collateral over these balances. Subsequent to the end of the reporting period, approximately HK$4,923,000 (31 December 2017: HK$4,316,000) of the past due balances were settled.

The aging analysis of trade receivables that were past due but not impaired based on the invoice date or the payment date as stated in the respective contracts at the end of the reporting date, which approximately the respective revenue recognition date, is as follow:

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
31 – 60 days	**4,613**	–
61 – 90 days	**4,613**	–
Over 90 days	**163,516**	4,479
	172,742	4,479

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.

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

12. 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:

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Within 30 days	**227**	439
31-60 days	**34**	2
61-90 days	**8**	1
Over 90 days	**624**	624
Trade payables arising from international air and sea freight forwarding business	**893**	1,066
Trade payables arising from the securities and futures brokerage business	**27,143**	47,985
Earnest money from finance lease receivables	**7,376**	7,458
Value-added tax payable	**1,414**	540
Accrued charges	**4,259**	9,153
Other payables	**837**	43
	41,922	66,245

For trade payables arising from the securities and futures brokerage business, no aging analysis is disclosed for the Group's margin and cash clients and clearing house as these clients were carried on an open account basis, the aging analysis does not give additional value in the view of the nature of business of securities and futures brokerage. Also, the settlement terms of clearing house is two trading days after the transaction date.

The average credit period on international air and sea freight forwarding services is normally ranging from 30 days to 90 days (31 December 2017: 30 days to 90 days).

13. COMPARATIVE FIGURES

During the current period, the Company had revised the presentation of the condensed consolidated statement of profit or loss and other comprehensive income and considered that a presentation by nature of expenses, instead of by function of expenses, would better reflect the Group's results. As a result, certain comparative figures are restated to conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

	For the six months ended 30 June	
	2018	2017
	HK$'M	*HK$'M*
Financial Results Highlight		
Turnover	**208.5**	356.3
Other operating gain (loss) (net)	**1.2**	(5.1)
Total expenses	**(38.0)**	(32.7)
Gain on disposal of asset classified as held for sale	**–**	0.3
Gain on disposal of an associate	**–**	29.4
Share of losses of associates	**–**	(2.2)
Net profit before taxation & non-controlling interests	**6.7**	31.6
Profit for the period attributable to owners of the Company	**0.7**	27.1

	30 June	31 December
	2018	2017
	HK$'M	*HK$'M*
		(Restated)
Extract of Financial Position		
Total assets	**1,243.2**	1,180.2
Total liabilities	**(53.7)**	(76.6)
Net current assets	**1,026.1**	976.9
Bank and cash balances	**261.6**	173.3
Net assets	**1,189.5**	1,103.6

Overview

For the six months ended 30 June 2018, the Group's turnover was approximately HK$208.5 million, representing a decrease of approximately 41.5% as compared with approximately HK$356.3 million in last corresponding period. The net profit for the period attributable to owners of the Company was approximately HK$0.7 million, representing a decrease of approximately 97.6% as compared with the net profit of approximately HK$27.1 million in last corresponding period. The decline in the Group's financial result was mainly attributable to, among other things, the gain on disposal of an associate of approximately HK$29.4 million recognised in the first half of 2017 which is a non-recurring income.

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 six months ended 30 June 2018, the turnover of the Group's finance leasing business amounted to approximately HK$28.0 million (30 June 2017: HK$18.0 million) whereas segment profit of approximately HK$20.9 million was achieved (30 June 2017: HK$11.6 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 six months ended 30 June 2018, the turnover of the Group's money lending business amounted to approximately HK$11.4 million (30 June 2017: HK$18.4 million). Corresponding segment profit of approximately HK$7.7 million was made for the six months ended 30 June 2018 (30 June 2017: HK$16.0 million).

Brokerage Business

The Group acquired 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 on 14 August 2017. Since then the Group has provided brokerage services for securities and futures traded on exchanges in Hong Kong and major overseas countries. For the six months ended 30 June 2018, the turnover of the Group's brokerage business amounted to approximately HK$0.3 million. Corresponding segment loss of approximately HK$5.3 million was made for the six months ended 30 June 2018.

Trading Business

The Group is trading goods, including fuel oil, radio system and electronic appliance, in the PRC. For the six months ended 30 June 2018, the turnover of the Group's trading business amounted to approximately HK$165.2 million (30 June 2017: approximately HK$204.1 million) whereas the gross profit was approximately HK$2.9 million (30 June 2017: approximately HK$4.6 million). The Group recorded a loss of approximately HK$2.2 million (30 June 2017: a profit of approximately HK$1.2 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 six months ended 30 June 2018, the Group did not trade any listed equity securities and hence no turnover and realised gain/loss of the Group's securities investment business was generated (30 June 2017: turnover of approximately HK$112.0 million and realised loss of approximately HK$3.3 million). During the period, the Group recorded an unrealised fair value loss of the listed securities of approximately HK$2.0 million (30 June 2017: net unrealised loss of approximately HK$3.7 million). For the six months ended 30 June 2018, the Group did not receive any dividend income (30 June 2017: nil). As at 30 June 2018, the Group held trading securities with value of approximately HK$14.4 million (31 December 2017: approximately HK$16.4 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 United States of America. For the six months ended 30 June 2018, the turnover of the Group's freight forwarding business amounted to approximately HK$3.5 million (30 June 2017: approximately HK$3.8 million). Corresponding gross profit of approximately HK$1.1 million and segment profit of approximately HK$0.2 million were made for the six months ended 30 June 2018 respectively (30 June 2017: gross profit of approximately HK$1.0 million and segment profit of approximately HK$0.1 million).

OUTLOOK

Looking forward the second half of 2018, the market will be surrounding by worries of international trade conflicts. In addition, the expected increase in interest rate and the prospect of tariffs and other protectionist measures will further disrupt global trade and investment flows. Facing uncertainties in the market, the Group will continue reviewing its strategy of and resources allocation for respective business segments and developments and prioritise its resources into growing businesses. Apart from existing business operation, the Group will from time to time explore investment opportunities in the market, in particular the PRC market, for business development of the Group. 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 30 June 2018, the equity and net current assets of the Group amounted to approximately HK$1,189.5 million (31 December 2017: approximately HK$1,103.6 million (restated)) and HK$1,026.1 million (31 December 2017: approximately HK$976.9 million) respectively. On the same date, the Group had bank and cash balances of approximately HK$261.6 million (31 December 2017: approximately HK$173.3 million) and the current ratio was 20.12 (31 December 2017: 13.76). As at 30 June 2018 and 31 December 2017, the Group had no interest bearing borrowings.

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

PLEDGE OF ASSETS

As at 30 June 2018 and 31 December 2017, none of the Group's securities were pledged to brokers to secure the margin loan. As at 30 June 2018 and 31 December 2017, there were no other significant assets pledged to banks to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2018 and 31 December 2017, the Group had no material contingent liabilities.

CAPITAL EXPENDITURE

During the six months ended 30 June 2018, the Group incurred approximately HK$77,000 (30 June 2017: approximately HK$0.9 million) as capital expenditure mainly in respect of plant and equipment situated in both Hong Kong and PRC offices.

CAPITAL COMMITMENTS

As at 30 June 2018 and 31 December 2017, the Group had no material capital commitment.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2018, the Group held equity investments at fair value through other comprehensive income of approximately HK$22.0 million (31 December 2017: approximately HK$30.8 million (restated)), and investments at fair value through profit or loss of approximately HK$14.4 million (31 December 2017: approximately HK$16.4 million).

Company Name/Stock Code	Number of shares held		% of shareholding		Unrealised loss on fair value change	Fair value		% of Net Assets		Dividend received		Total investment cost
					(HK$'000)	***(HK$'000)***	*(HK$'000)*			***(HK$'000)***	*(HK$'000)*	***(HK$'000)***
	('000)		*(%)*		**(Unaudited)**	**(Unaudited)**	(Audited)	*(%)*		**(Unaudited)**	(Unaudited)	**(Unaudited)**
	As at 30.6.2018	As at 31.12.2017	**As at 30.6.2018**	As at 31.12.2017	**For the period ended 30.6.2018**	**As at 30.6.2018**	As at 31.12.2017	**As at 30.6.2018**	As at 31.12.2017 (Restated)	**For the period ended 30.6.2018**	For the period ended 30.6.2017	**As at 30.6.2018**
Elegance Optical International Holdings Limited. (907) ("EOIH")	**7,800**	7,800	**2%**	2%	**(2,028)**	**14,352**	16,380	**1.21**	1.48	**–**	–	**18,004**

Based on public information available at the website of the Stock Exchange as at the date of this announcement, EOIH is principally engaged in manufacturing and trading of optical frames and sunglasses, property investment, securities investment, money lending and film distribution.

The Group's equity investments at fair value through other comprehensive income as at 30 June 2018 comprised of (i) listed equity investment in London at a fair value of approximately HK$7.2 million; and (ii) unlisted equity securities in Hong Kong at a fair value of approximately HK$14.8 million.

As at 30 June 2018 and 31 December 2017, all investments at fair value through profit or loss represented listed securities in Hong Kong. As at 30 June 2018, the Group recorded an unrealised fair value loss of approximately HK$2.0 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 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 closely monitor the performance of its investment portfolio from time to time.

FOREIGN CURRENCY EXPOSURE

The Group's monetary assets and transactions are principally denominated in Hong Kong dollars, Renminbi and US dollars. During the period under review, 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$5.3 million recognised as other comprehensive income 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.

EMPLOYEES AND HUMAN RESOURCES POLICY

As at 30 June 2018, the Group had 67 staff (30 June 2017: 45 staff). The total staff costs incurred for the period ended 30 June 2018 was approximately HK$15.7 million (30 June 2017: approximately HK$14.6 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, among other, directors (including non-executive directors and independent non-executive directors) and employees of the Company and any of its subsidiaries or associated companies, to subscribe for shares of the Company. During the period under review, no options were granted under the 2012 Share Option Scheme.

MATERIAL ACQUISITION OR DISPOSAL

There was no material acquisition or disposal (including the acquisition or disposal of subsidiaries) for the six months ended 30 June 2018.

FUND RAISING ACTIVITIES

On 30 May 2018, the Company entered in to a placing agreement with a placing agent pursuant to which the Company conditionally agreed to place, through the placing agent on a best effort basis, up to 1,452,000,000 placing shares at the placing price of HK$0.07 per placing share under a general mandate granted to the directors at the annual general meeting of the Company held on 1 June 2017, to not less than six placees, who were independent professional, institutional or other investors and who and whose ultimate beneficial owners were independent third parties. The placing was completed on 25 June 2018 and the net proceeds were approximately HK$99.4 million, which were intended to be used for developing the money lending business of the Group and/or enhancing its general working capital. At the end of the reporting period, the net proceeds has not yet been utilised.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2018 (30 June 2017: nil).

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for establishing and maintaining the Group's risk management and internal control systems to safeguard shareholders' investment and reviewing the effectiveness of such on an annual basis pursuant to Code Provision C.2.1 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (the "CG Code").

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 for any part of the six months ended 30 June 2018 in compliance with the CG Code.

Under Code Provision A.2.1 of the CG Code, the Company should have the roles of chairman and chief executive that should be separate and should not be performed by the same individual. Following the resignation of Mr. Tan Xiangdong (a former chairman and a former executive director) on 3 April 2017, the position of the chairman of the Board was vacant. Subsequently on 19 June 2018, Ms. Wang Yingqian was appointed as a non-executive director, the chairman of the Board and the chairman of the Nomination Committee. At the same date, Mr. Liu Wei, an executive director of the Company, was appointed as the chief executive officer of the Company and the chairman of the Executive Committee. Thereafter and as at the date of this announcement, the Company has met Code Provision A.2.1 of the CG Code.

Under 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 is responsible for a review on the internal control system annually. The review covers major financial, operational controls in rotation basis and also the risk management functions. The Group continues to review the need for an internal audit function annually.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive directors, namely, Mr. Ru Xiangan, Mr. Liu Haiping and Mr. Liu Tonghui.

The primary duties of the Audit Committee are to review the financial statements and reports and to review the adequacy and effectiveness of the Group's financial reporting system, internal control system and risk management system and associated procedures.

The Group's unaudited results for the six months ended 30 June 2018 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such financial statements complied with the applicable accounting standards and requirements of the Stock Exchange and legal requirements, and that adequate disclosures have been made.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. All directors of the Company have confirmed, immediately following specific enquiry by the Company that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2018.

PUBLICATION OF INTERIM REPORT

The interim results announcement has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cbgroup.com.hk).

The 2018 Interim Report of the Company containing all the information required under Appendix 16 of the Listing Rules will be dispatched to the shareholders of the Company as well as published on the aforesaid websites in due course.

By Order of the Board
China Best Group Holding Limited
Mr. Liu Wei
Executive Director and Chief Executive Officer

Hong Kong, 29 August 2018

As at the date of this announcement, the Board comprises three executive directors, namely, Mr. Liu Wei, Mr. Chen Wei and Mr. Fan Jie, one non-executive director, namely, Ms. Wang Yingqian, and three independent non-executive directors, namely, Mr. Liu Haiping, Mr. Liu Tonghui and Mr. Ru Xiangan.