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

(Incorporated in Bermuda with limited liability)

(Stock Code: 370)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The board (the "Board") of directors (the "Directors") 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 2018, together with the comparative figures for the year ended 31 December 2017, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	NOTES	**2018** **HK$'000**	2017 HK$'000 (Restated)
Turnover	*3*	**218,007**	537,548
Revenue:	*4*		
– Trading of goods		**159,261**	356,943
– Provision of international air and sea freight forwarding services		**5,198**	6,642
– Consultancy income from finance leases		**15,052**	19,178
– Interest income from finance leases		**12,929**	9,440
– Interest income from money lending		**24,043**	32,103
– Brokerage commission and dealing income		**1,524**	1,269
		218,007	425,575
Operating costs:			
– Cost of trading goods sold		**(156,448)**	(349,675)
– Cost of providing international air and sea freight forwarding services		**(3,587)**	(4,696)
– Cost of providing brokerage and dealing services		**(1,044)**	(764)
		(161,079)	(355,135)

* *For identification purpose only*

	NOTES	2018 HK$'000	2017 HK$'000 (Restated)
Other income	6	**6,199**	13,372
Administrative and other expenses		**(45,643)**	(39,542)
Staff costs		**(35,591)**	(34,332)
Realised loss on financial assets at fair value through profit or loss		**–**	(3,294)
Unrealised loss on fair value change on financial assets at fair value through profit or loss		**(13,377)**	(1,624)
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
Impairment loss on finance lease receivable		**(13,595)**	–
Impairment loss on goodwill		**(28,982)**	–
(Loss) profit before tax		**(74,061)**	32,538
Income tax expense	8	**(1,488)**	(8,013)
(Loss) profit for the year	7	**(75,549)**	24,525
Other comprehensive (expenses) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(20,935)**	28,861
Share of other comprehensive income of associates		**–**	501
Items that will not be reclassified subsequently to profit or loss:			
Fair value loss on financial assets at fair value through other comprehensive income		**(14,655)**	(1,095)
Translation reserve released upon disposals of associates		**–**	7,051
		(35,590)	35,318
Total comprehensive (expenses) income for the year		**(111,139)**	59,843

	NOTES	2018 HK$'000	2017 HK$'000 (Restated)
(Loss) profit for the year attributable to:			
– owners of the Company		**(75,533)**	24,533
– non-controlling interests		**(16)**	(8)
		(75,549)	24,525
Total comprehensive (expenses) income for the year attributable to:			
– owners of the Company		**(111,122)**	59,841
– non-controlling interests		**(17)**	2
		(111,139)	59,843
(Loss) earnings per share	*10*		
– Basic and diluted *(HK cents)*		**(1.80)**	0.68

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	NOTES	**31 December 2018 HK$'000**	31 December 2017 HK$'000 (Restated)	1 January 2017 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment		**4,982**	8,477	10,418
Intangible asset		**811**	811	811
Interests in associates		**–**	–	85,143
Financial assets at fair value through other comprehensive income		**16,167**	30,822	31,917
Finance lease receivables	*11*	**–**	7,673	37,410
Loans receivables	*13*	**55,000**	–	–
Deposit for acquisition of a subsidiary		**67,000**	–	–
Goodwill		**42,600**	71,582	–
Regulatory deposits		**1,705**	1,705	–
Deferred tax assets		**8,676**	5,689	3,179
		196,941	126,759	168,878
Current assets				
Finance lease receivables	*11*	**178,785**	193,737	196,440
Loans and interest receivables	*13*	**350,522**	362,464	279,647
Trade and other receivables	*12*	**185,632**	183,596	133,567
Promissory note receivable		**90,000**	90,000	–
Financial assets at fair value through profit or loss		**3,003**	16,380	115,266
Pledged bank deposit		**58**	59	54
Bank balances and cash – trust and segregated accounts		**8,435**	33,897	–
Bank balances and cash – general accounts		**274,763**	173,281	170,233
		1,091,198	1,053,414	895,207
Assets classified as held for sale		**–**	–	10,760
		1,091,198	1,053,414	905,967

	NOTES	31 December 2018 HK$'000	31 December 2017 HK$'000 (Restated)	1 January 2017 HK$'000 (Restated)
Current liabilities				
Trade and other payables	*14*	**43,902**	66,245	23,404
Tax liabilities		**9,119**	10,312	7,668
		53,021	76,557	31,072
Net current assets		**1,038,177**	976,857	874,895
NET ASSETS		**1,235,118**	1,103,616	1,043,773
Capital and Reserves				
Share capital		**508,428**	363,228	363,228
Share premium and reserves		**726,748**	740,429	680,588
Equity attributable to owners of the Company		**1,235,176**	1,103,657	1,043,816
Non-controlling interests		**(58)**	(41)	(43)
TOTAL EQUITY		**1,235,118**	1,103,616	1,043,773

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 all the new and revised 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 ("HKAS(s)"), amendments and Interpretations.

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

HKFRS 9 (2014) "Financial Instruments"

Available-for-sale investments and held for trading investments are now classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit and loss, respectively.

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$'000*	As at 1 January 2017 *HK$'000*
Decrease in available-for-sale investments	(14,562)	(13,787)
Decrease in accumulated losses	30,750	30,750
Decrease in investment revaluation reserve	(14,490)	(12,620)
Increase in financial assets at fair value through other comprehensive income	30,822	31,917
Decrease in held for trading investments	(16,380)	(115,266)
Increase in financial assets at fair value through profit or loss	16,380	115,266

New and revised HKFRSs issued but not yet effective

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, except as described below:

HKFRS 16 *Leases*

HKFRS 16 replaces HKAS 17 *Leases* and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

The Group's leased premises are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and amortisaton on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

The Group's future minimum lease payments under non-cancellable operating leases for its leased premises amounted to approximately HK$34,447,000 as at 31 December 2018. Based on a preliminary assessment, the Group anticipates that the initial adoption of HKFRS 16 in the future will result in an increase in right-of-use assets and lease liabilities, which is unlikely to have material impact on the Group's financial position. The Group also anticipates that the net impact (as a result of the combination of the interest expenses arising from the lease liabilities and the amortization of the right-of-use assets as compared to the rental expense under existing standard) on the Group's financial performance will not be material.

3. TURNOVER

Turnover arises from (i) trading on radio system and electronic appliance; (ii) provision of international air and sea freight forwarding services; (iii) consultancy income in respect of finance leases; (iv) interest income from finance leases; (v) interest income from money lending; (vi) brokerage commission and dealing income from brokerage business; and (vii) gross proceeds from disposal of financial assets at fair value through profit or loss. An analysis of the Group's turnover for the year is as follows:

	2018	2017
	HK$'000	*HK$'000*
Trading of goods	**159,261**	356,943
Provision of international air and sea freight forwarding services	**5,198**	6,642
Consultancy income from finance leases *(Note)*	**15,052**	19,178
Interest income from finance leases *(Note)*	**12,929**	9,440
Interest income from money lending	**24,043**	32,103
Brokerage commission and dealing income	**1,524**	1,269
Gross proceeds from disposal of financial assets at fair value through profit or loss	**–**	111,973
	218,007	537,548

Note: Pursuant to a debt settlement agreement and a loan agreement both dated 1 March 2019, finance lease interest of approximately RMB441,000 (equivalent to approximately HK$521,000) and consultancy income of approximately RMB16,323,000 (equivalent to approximately HK$19,291,000) have been agreed by the parties to be waived. According to these waived amounts, the Group's interest income from finance leases and consultancy income from finance leases had been deducted by approximately RMB379,000 (after value-added tax) (equivalent to approximately HK$447,000) and approximately RMB14,009,000 (after value-added tax) (equivalent to approximately HK$16,557,000) respectively in the year ended 31 December 2018 while the remaining waived amounts will be accounted for next financial year. Further details are set out in the Company's announcement dated 1 March 2019.

4. REVENUE

	2018	2017
	HK$'000	*HK$'000*
Revenue from contracts with customers *(Note)*	**181,035**	384,032
Revenue from other source:		
– Interest income from finance leases	**12,929**	9,440
– Interest income from money lending	**24,043**	32,103
	218,007	425,575

Note:

Disaggregation of revenue from contracts with customers:

Year ended 31 December 2018

	Trading of goods	**Finance leasing**	**Brokerage**	**International air and sea freight forwarding**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Geographic Market					
Hong Kong	**–**	**–**	**1,524**	**–**	**1,524**
People's Republic of China (the "PRC")	**159,261**	**15,052**	**–**	**–**	**174,313**
Singapore	**–**	**–**	**–**	**1,914**	**1,914**
North and South of America	**–**	**–**	**–**	**3,284**	**3,284**
	159,261	**15,052**	**1,524**	**5,198**	**181,035**
Major Products/Services					
Trading of electronic products	**159,261**	**–**	**–**	**–**	**159,261**
Financial services	**–**	**15,052**	**1,524**	**–**	**16,576**
International air and sea freight forwarding	**–**	**–**	**–**	**5,198**	**5,198**
	159,261	**15,052**	**1,524**	**5,198**	**181,035**

Year ended 31 December 2017

	Trading of goods *HK$'000*	Finance leasing *HK$'000*	Brokerage *HK$'000*	International air and sea freight forwarding *HK$'000*	Total *HK$'000*
Geographic Market					
Hong Kong	–	–	1,269	–	1,269
PRC	356,943	19,178	–	–	376,121
Singapore	–	–	–	2,162	2,162
North and South of America	–	–	–	4,480	4,480
	356,943	19,178	1,269	6,642	384,032
Major Products/Services					
Trading of electronic products	356,943	–	–	–	356,943
Financial services	–	19,178	1,269	–	20,447
International air and sea freight forwarding	–	–	–	6,642	6,642
	356,943	19,178	1,269	6,642	384,032

Trading of goods

Revenue from the trading of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

– the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

– the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

– the amount of revenue can be measured reliably;

– it is probable that the economic benefits associated with the transaction will flow to the Group; and

– the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales to customers are normally made with credit terms of 90 days.

Finance leasing

Consultancy income from finance leasing is recognised in the accounting period in which the services are rendered. The customers pay the consultancy service fee to the Group according to the payment schedules as stipulated in the contracts.

Brokerage

Commission income on dealing in securities and futures contract is recognised on a trade date basis when the services are rendered, the amount for which can be reliably estimated and it is probable that the income will be received. The commission income is due on the settlement date of their respective trade dates, normally two or three business days after the respective trade date.

International air and sea freight forwarding

Income from provision of freight forwarding services is recognised when the services are provided. The Group normally allow credit period of 90 days.

5. SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on the type of goods sold or services delivered or provided. 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 and electronic appliance 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.

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

For the year ended 31 December 2018

	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*
Turnover	**159,261**	**27,981**	**24,043**	**1,524**	**5,198**	**–**	**218,007**
Revenue from external customers	**159,261**	**27,981**	**24,043**	**1,524**	**5,198**	**–**	**218,007**
Segment results	**(6,581)**	**(867)**	**16,566**	**(38,622)**	**(370)**	**(14,069)**	**(43,943)**
Unallocated corporate expenses							**(36,317)**
Unallocated corporate income							**6,199**
Loss before tax							**(74,061)**

For the year ended 31 December 2017

	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*
Turnover	356,943	28,618	32,103	1,269	6,642	111,973	537,548
Revenue from external customers	356,943	28,618	32,103	1,269	6,642	–	425,575
Segment results	1,523	14,758	23,688	(4,242)	(3)	(8,330)	27,394
Share of losses of associates							(2,183)
Unallocated corporate expenses							(34,349)
Unallocated corporate income							41,676
Profit before tax							32,538

Segment results represents the (loss from) profit earned 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.

6. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Interest income from		
– bank	**659**	188
– overdue trade receivables	**–**	938
– promissory note receivable	**5,400**	4,246
Write-off of other payable	**–**	7,240
Service income from money lending business	**–**	38
Government grant *(Note)*	**3**	6
Exchange gain	**–**	281
Sundry income	**137**	435
	6,199	13,372

Note: During the year ended 31 December 2018, a government grant of approximately HK$3,000 (2017: HK$6,000) 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 contributions in Singapore. The government grant has been recognised in the same periods in which the expenses were recognised.

7. (LOSS) PROFIT FOR THE YEAR

	2018	2017
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging (crediting):		
Staff costs		
– directors' emoluments	**9,411**	11,021
– other staff costs	**25,060**	22,297
– retirement benefits scheme contributions (excluding those for Directors)	**1,120**	1,014
Total staff costs	**35,591**	34,332
Auditor's remuneration	**915**	1,148
Depreciation of property, plant and equipment	**3,629**	3,658
Write-off of property, plant and equipment	**1**	58
Loss on disposal of property, plant and equipment	**–**	44
Net foreign exchange loss (gain)	**17**	(281)
Cost of inventories recognised as expenses	**156,448**	349,675
Minimum lease payments under operating leases in respect of office premises and staff quarters	**21,232**	18,570

8. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**–**	775
PRC Enterprise Income Tax	**4,253**	4,788
Withholding tax paid on distributed earnings of a PRC subsidiary *(Note (i))*	**–**	1,128
	4,253	6,691
Under provision in prior years:		
PRC Enterprise Income Tax		
– Rongjinda Finance *(Note (ii))*	**634**	3,289
– Others	**–**	232
	634	3,521
Deferred tax:		
Current year	**(3,399)**	(2,199)
	1,488	8,013

Hong Kong Profits Tax has not been provided for the year ended 31 December 2018 as the loss for taxation propose is estimated during the year. Hong Kong Profit Tax has been provided at the rate of 16.5% of the estimated assessable profit for the year ended 31 December 2017.

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

No provision for Singapore and the United States of America Profits Tax has been made as the Group did not generate any assessable profits in Singapore and the United States of America during the two years ended 31 December 2018 and 2017.

Note:

(i) According to the PRC New Corporate Income Tax 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.

(ii) Rongjinda Finance Lease Company Limited*（融金達融資租賃有限公司）("Rongjinda Finance") was established in Qianhai, Shenzhen. Pursuant to the notice issued by the Authority of Qianhai Shenzhen – Hong Kong Modern Service Industry Cooperation Zone dated 10 October 2017, Rongjinda Finance cannot fulfil the requirements entitling it to enjoy the concessionary tax rate. Therefore, the applicable tax rate of Rongjinda Finance was restored to 25% from the first profit-making year, i.e. year ended 31 December 2015.

9. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2018, nor has any dividend been proposed since the end of the reporting period (2017: nil).

10. (LOSS) EARNINGS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
(Loss) profit		
(Loss) profit for the purpose of basic and diluted (loss) earnings per share ((Loss) profit for the year attributable to owners of the Company)	**(75,533)**	24,533

	2018	2017
	'000	*'000*
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	**4,201,149**	3,632,283

The computation of diluted (loss) earnings 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 2018 and 2017.

By passing an ordinary resolution at the special general meeting of the Company held on 16 October 2018, every two ordinary shares of HK$0.05 each in the issued and unissued share capital of the Company were consolidated into one consolidated ordinary share of HK$0.1 each in the issued and unissued share capital of the Company. As a result of the share consolidation, the weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per share for the year ended 31 December 2017 have been adjusted retrospectively.

11. FINANCE LEASE RECEIVABLES

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

	2018	2017
	HK$'000	*HK$'000*
Finance lease receivables	**213,980**	224,166
Less: allowance for impairment of finance lease receivables	**(35,195)**	(22,756)
Finance lease receivables, net	**178,785**	201,410
Analysed for reporting purposes as:		
– Non-current assets	**–**	7,673
– Current assets	**178,785**	193,737
	178,785	201,410

	Minimum lease payments		**Present value of minimum lease payments**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Finance lease receivables comprise:				
Within one year	**179,019**	195,230	**178,785**	193,737
After one year but within two years	**–**	7,840	**–**	7,673
	179,019	203,070	**178,785**	201,410
Less: unearned interest income	**(234)**	(1,660)	**–**	–
Present value of minimum lease payment receivables	**178,785**	201,410	**178,785**	201,410

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

As at 31 December 2018, finance lease receivables before allowance for impairment of approximately RMB172,403,000, equivalent to approximately HK$196,278,000 (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 31 December 2018 are two individually impaired receivables (2017: one individually impaired receivable) of approximately RMB30,913,000, equivalent to approximately HK$35,195,000 (2017: RMB18,981,000, equivalent to approximately HK$22,756,000) which impairment was made due to customers' default in payment. The Group has taken legal actions against these customers and considered the legal opinion from independent legal advisers during impairment assessment. For the remaining past due amount of approximately RMB141,490,000 (equivalent to approximately HK$161,083,000), subsequent to the end of the reporting period, partial settlements were received and repayment terms, schedules or debt settlement arrangement have been negotiated or agreed between the Group and the lessees and as such there is no default in repayment thereafter. Accordingly, the Directors considered no further 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 31 December 2018, the age of the finance lease receivables was within three years (2017: within three years) based on the effective dates of the relevant lease contracts.

12. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables arising from trading business	**149,424**	153,007
Trade receivables arising from the securities and futures brokerage business	**16,341**	14,089
Trade receivables arising from finance leasing business	**7,053**	4,316
Trade receivables arising from international air and sea freight forwarding business	**2,041**	2,420
Less: allowance for impairment	**(1,464)**	(1,460)
	577	960
Prepayments	**2,410**	1,905
Deposits and other receivables	**9,827**	9,319
	185,632	183,596

The Group allows an average credit period normally ranging from 30 days to 180 days (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	Finance leasing business	International air and sea freight forwarding business
	HK$'000	*HK$'000*	*HK$'000*
2018:			
Within 30 days	**–**	**–**	**227**
31-60 days	**–**	**6,541**	**84**
61-90 days	**–**	**–**	**150**
Over 90 days	**149,424**	**512**	**116**
	149,424	**7,053**	**577**

	Trading business HK$'000	Finance leasing business HK$'000	International air and sea freight forwarding business HK$'000
2017:			
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 receivable balance are debtors with aggregate carrying amount of approximately HK$150,052,000 (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$149,424,000 (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 reporting date, which approximately the respective revenue recognition date, is as follow:

	2018	2017
	HK$'000	*HK$'000*
31-60 days	**–**	–
61-90 days	**–**	–
Over 90 days	**150,052**	4,479
	150,052	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. The management believes that no impairment allowance is necessary in respect of these balances as they were almost fully settled after the year end.

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

13. LOANS AND INTEREST RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Loans receivables:		
Secured	**46,000**	80,000
Unsecured	**329,620**	260,000
	375,620	340,000
Interest receivables	**29,902**	22,464
	405,522	362,464
Analysed for reporting purposes as:		
– Non-current assets	**55,000**	–
– Current assets	**350,522**	362,464
	405,522	362,464

As at 31 December 2018, secured loans with carrying amount of HK$46,000,000 (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$329,620,000 (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 5 to 30 months (2017: 6 to 18 months). The loans provided to borrowers bore interest rate ranging from 8% – 15% per annum (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.

	2018	2017
	HK$'000	*HK$'000*
Within 90 days	**7,238**	4,994
91 – 180 days	**49,457**	6,802
181 – 365 days	**64,423**	199,131
Over 365 days	**284,404**	151,537
	405,522	362,464

As at 31 December 2018, loans and interest receivables of approximately HK$294,444,000 (2017: HK$206,924,000) were past due. Subsequent to the end of the reporting period, approximately HK$16,315,000 of the past due balances were settled. The remaining past due amount of approximately HK$278,129,000 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.

14. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables arising from the securities and futures brokerage business	**24,776**	47,985
Trade payables arising from international air and sea freight forwarding services	**800**	1,066
Earnest money from finance lease receivables	**7,081**	7,458
Value-added tax payable	**960**	540
Accrued charges	**8,346**	9,153
Other payables	**1,939**	43
	43,902	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 brokerage. Also, the settlement terms of clearing house is two trading days after the transaction dates.

The average credit period on international air and sea freight forwarding services is normally ranging from 30 days to 90 days (2017: 30 days to 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The following is an aged analysis of trade payables from international air and sea freight forwarding services presented based on the invoice date at the end of the reporting period:

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**169**	439
31 – 60 days	**–**	2
61 – 90 days	**7**	1
Over 90 days	**624**	624
	800	1,066

15. EVENTS AFTER THE REPORTING PERIOD

(a) On 31 December 2018, Esteem Sun Limited ("Esteem Sun"), a wholly owned subsidiary of the Company, and Lucent Time Limited ("Lucent Time"), an independent third party, entered into the share transfer and loan assignment agreement, pursuant to which (i) Lucent Time conditionally agreed to sell, and Esteem Sun conditionally agreed to acquire the entire issued share capital of Noble Realm Limited and (ii) Lucent Time conditionally agreed to assign and Esteem Sun conditionally agreed to assume all rights and benefits of the interest free shareholder's loan, at an aggregate consideration of HK$135,000,000. The acquisition was completed on 15 January 2019 and Noble Realm Limited and its subsidiaries have become the subsidiaries of the Company since then.

Further details are set out in the Company's announcements dated 31 December 2018 and 15 January 2019.

(b) On 16 January 2019, China Best Financial Holdings Limited ("China Best Financial"), a wholly owned subsidiary of the Company, and Fortunate Bay Limited ("Fortunate Bay"), an independent third party, entered into a memorandum of understanding, pursuant to which China Best Financial agreed to enter into further negotiation with Fortunate Bay regarding a possible conditional acquisition of 100% equity interest in South Shore Group Limited (the "Proposed Acquisition"). China Best Financial has paid a refundable earnest money of HK$30,000,000 to Fortunate Bay at the same date which would become part of the payment of the consideration of the Proposed Acquisition in the event that the definitive agreement is entered into.

Further details are set out in the Company's announcement dated 16 January 2019.

(c) On 1 March 2019, Rongjinda Finance entered into several agreements with three of its lessees and one new borrower, which included:

– a supplemental agreement with Shenzhen City Century Culture Creative Limited*（深圳市世紀文化創意有限公司）("Shenzhen Century") pursuant to which Shenzhen Century repaid the outstanding principal lease cost of RMB7,000,000, interest of approximately RMB203,000 and services fees of approximately RMB608,000;

– finance lease and consultancy supplemental agreements with Shenzhen City Yuexin Creative Culture Limited*（深圳市粵信創意文化有限公司）("Shenzhen Yuexin") pursuant to which the parties agreed to extend the term of the finance leases and consultancy services to 30 June 2019 and the outstanding lease payments shall be approximately RMB55,248,000 and the service fees shall be approximately RMB7,195,000 both payable by 5 instalments from 1 March 2019;

– a debt settlement agreement with Heyuan City Dongjiangyuan Hot Spring Resort Limited*（河源市東江源溫泉度假村有限公司）("Heyuan Dongjiangyuan") and Beijing Kaiyitong Enterprise Management Limited Company*（北京凱意通企業管理有限公司）("Beijing Kaiyitong") pursuant to which the parties agreed that Heyuan Dongjiangyuan shall repay the outstanding principal lease cost, interest and service fees of approximately RMB6,979,000 in total while the remain outstanding balance of approximately RMB76,764,000 is assumed by Beijing Kaiyitong;

– a loan agreement with Beijing Kaiyitong pursuant to which Rongjinda Finance waived the interest and service fees payable totalling approximately RMB16,764,000 and the remaining outstanding loan balance of RMB60,000,000 will be repaid by 1 March 2021, with the interest rate of 10% per annum payable every six months.

Further details are set out in the Company's announcement dated 1 March 2019.

(d) On 20 March 2019, Kang Yong International Limited, Honghu Group Limited and Mr. Deng Junjie entered into a second supplementary deed to the promissory note whereby the parties agreed, among other things, to further extend the maturity date of the promissory note to 20 March 2020.

Further details are set out in the Company's announcement dated 20 March 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

	Year ended	
	31.12.2018	31.12.2017
	HK$'M	*HK$'M*
Financial Results Highlight		
Turnover	**218.0**	537.5
Other operating (loss) gain (net)	**(7.2)**	8.5
Total expenses	**(81.2)**	(73.9)
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)
Impairment loss on finance lease receivable	**(13.6)**	–
Impairment loss on goodwill	**(29.0)**	–
Net (loss) profit before tax & non-controlling interests	**(74.1)**	32.5
(Loss) profit for the year attributable to owners of the Company	**(75.5)**	24.5

	As at	
	31.12.2018	31.12.2017
	HK$'M	*HK$'M*
		(Restated)
Extract of Financial Position		
Total assets	**1,288.1**	1,180.2
Total liabilities	**(53.0)**	(76.6)
Net current assets	**1,038.2**	976.9
Bank balances and cash	**274.8**	173.3
Total net assets	**1,235.1**	1,103.6

OVERVIEW

For the year ended 31 December 2018, the Group's turnover was approximately HK$218.0 million, representing a decrease of 59.4% as compared with HK$537.5 million last year. The net loss for the year ended 31 December 2018 was approximately HK$75.5 million as compared with the net profit of approximately HK$24.5 million last year. The decline in the Group's financial result was mainly attributable to, among other things, (i) the gain on disposal of an associate of approximately HK$29.4 million recognised in 2017 which was a non-recurring income; (ii) the recognition of impairment loss of approximately HK$13.6 million in relation to a finance lease receivable for a customer's default in payment; (iii) the recognition of impairment loss of approximately HK$29.0 million on goodwill in relation to regulated financial services business; (iv) the increase in unrealised loss on fair value change on financial assets at fair value through profit or loss by approximately HK$11.8 million and (v) the decrease in the Group's turnover for the year ended 31 December 2018.

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 vehicles and other tangible assets. For the year ended 31 December 2018, the turnover of the Group's finance leasing business amounted to approximately HK$28.0 million (2017: approximately HK$28.6 million). During the year ended 31 December 2018, the Group took legal actions against one leasee for its default in payment and an impairment loss of approximately HK$13.6 million was recognised with reference to this leasee's financial status and legal opinion from independent legal adviser. Subsequent to the reporting date, the Group agreed on debts settlement arrangement with several leasees, among which, finance lease interest of approximately RMB441,000 (equivalent to approximately HK$521,000) and consultancy income of approximately RMB16,323,000 (equivalent to approximately HK$19,291,000) have been agreed by the parties to be waived. A total of waived amount of approximately HK$17,004,000 was accounted for in the year ended 31 December 2018. Corresponding segment loss of approximately HK$0.9 million, including the impairment loss on finance lease receivable of approximately HK$13.6 million, was incurred for the year ended 31 December 2018 (2017: segment profit of approximately HK$14.8 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 2018, the turnover of the Group's money lending business amounted to approximately HK$24.0 million (2017: approximately HK$32.1 million). Corresponding segment profit of approximately HK$16.6 million was made for the year ended 31 December 2018 (2017: approximately HK$23.7 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 year ended 31 December 2018, the turnover of the Group's brokerage business amounted to approximately HK$1.5 million (2017: approximately HK$1.3 million). Considering this segment's past performance since completion of the aforesaid acquisition and the current conditions, in particular uncertainties in the financial market, an impairment loss on goodwill of approximately HK$29.0 million was recognised in the year ended 31 December 2018 with reference to the valuation result of independent professional valuers. Corresponding segment loss of approximately HK$38.6 million, including the impairment loss on goodwill, was incurred for the year ended 31 December 2018 (2017: approximately HK$4.2 million).

Trading Business

The Group is trading goods, including radio system and electronic appliance, in the PRC. For the year ended 31 December 2018, the turnover of the Group's trading business amounted to approximately HK$159.3 million (2017: approximately HK$356.9 million) whereas the gross profit was approximately HK$2.8 million (2017: approximately HK$7.3 million). The Group recorded a loss of approximately HK$6.6 million for the year ended 31 December 2018 (2017: a profit of approximately HK$1.5 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 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 (2017: turnover of approximately HK$112.0 million and realised loss of approximately HK$3.3 million). During the year ended 31 December 2018, the Group recorded an unrealised fair value loss of the listed securities of approximately HK$13.4 million (2017: net unrealised fair value loss of approximately HK$1.6 million). For the year ended 31 December 2018, the Group did not receive any dividend income (2017: nil). As at 31 December 2018, the Group held trading securities with value of approximately HK$3.0 million (2017: approximately HK$16.4 million).

Freight Forwarding Business

This segment represents the provision of international air and sea freight forwarding and logistic services to customers in Singapore and United States of America. For the year ended 31 December 2018, the turnover of the Group's freight forwarding business amounted to approximately HK$5.2 million (2017: approximately HK$6.6 million). Corresponding gross profit of approximately HK$1.6 million and segment loss of approximately HK$0.4 million were made for the year ended 31 December 2018 respectively (2017: gross profit of approximately HK$1.9 million and segment loss of approximately HK$3,000).

OUTLOOK

Looking forward, apart from the existing business operations, the Group will from time to time explore investment opportunities in the market, in particular the PRC market, for business development of the Group. During the year ended 31 December 2018, the Group was considering several potential projects and realised one project in relation to investment properties located in a prime location in Beijing as a start for the Group to develop its property-related business. The PRC property market has gone through a rapid growth stage in the past decades and come to a steady status by introducing city-based adjustments, rational policies and restructuring. The Group wishes to leverage its client base and resources to strengthen its position in this new business segment and accelerate its growth to become one of the Group's principal businesses. In addition, the Group is formulating its development in the assets management industry and is in negotiation for a possible acquisition as disclosed in the Company's announcement dated 16 January 2019.

While the outlook for the global economy is uncertain with worries of international trade conflicts and geopolitics, the Group will continue reviewing its strategy of and resources allocation for respective business segments and developments and prioritise its resources into growing businesses. 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 2018, the equity and net current assets of the Group amounted to approximately HK$1,235.1 million (2017: approximately HK$1,103.6 million (restated)) and HK$1,038.2 million (2017: approximately HK976.9 million) respectively. On the same date, the Group had bank balances and cash of approximately HK$274.8 million (2017: approximately HK$173.3 million) and the current ratio was 20.58 (2017: 13.76). As at 31 December 2018 and 2017, the Group had no interest bearing borrowing.

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

PLEDGE OF ASSETS

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

CONTINGENT LIABILITIES

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

CAPITAL EXPENDITURE

During the year ended 31 December 2018, the Group incurred approximately HK$0.2 million (2017: approximately HK$1.3 million) as capital expenditure mainly in respect of plant and equipment situated in Hong Kong and PRC offices.

CAPITAL COMMITMENTS

As at 31 December 2018, the Group had capital commitment of HK$68.0 million in relation to the acquisition of a subsidiary (2017: nil).

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2018, the Group held equity investments at fair value through other comprehensive income of approximately HK$16.2 million (2017: approximately HK$30.8 million (restated)), and investments at fair value through profit or loss of approximately HK$3.0 million (2017: approximately HK$16.4 million).

Company Name/Stock Code	Number of shares held ('000)		% of shareholding (%)		Unrealised loss on fair value change (HK$'000)	Fair value		% of Net Assets (%)		Dividend received		Total investment cost (HK$'000)
						(HK$'000)	(HK$'000)			(HK$'000)	(HK$'000)	
	As at 31.12.2018	As at 31.12.2017	**As at 31.12.2018**	As at 31.12.2017	**For the year ended 31.12.2018**	**As at 31.12.2018**	As at 31.12.2017	**As at 31.12.2018**	As at 31.12.2017 (Restated)	**For the year ended 31.12.2018**	For the year ended 31.12.2017	**As at 31.12.2018**
Elegance Optical International Holdings Limited (907)("EOIH")	**7,800**	7,800	**2%**	2%	**(13,377)**	**3,003**	16,380	**0.24**	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, investment in debts and securities, money lending and film distribution and investment business.

The Group's equity investments at fair value through other comprehensive income as at 31 December 2018 comprised of (i) listed equity investment in London at a fair value of approximately HK$5.3 million; and (ii) unlisted equity securities in Hong Kong at fair value of approximately HK$10.9 million.

As at 31 December 2018 and 2017, all investments at fair value through profit or loss represented listed securities in Hong Kong. As at 31 December 2018, the Group recorded an unrealised fair value loss of approximately HK$13.4 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 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.

MATERIAL ACQUISITION AND DISPOSAL

On 31 December 2018, Esteem Sun, a wholly owned subsidiary of the Company, and Lucent Time, an independent third party, entered into the share transfer and loan assignment agreement, pursuant to which (i) Lucent Time conditionally agreed to sell, and Esteem Sun conditionally agreed to acquire, the entire issued share capital of Noble Realm Limited and (ii) Lucent Time conditionally agreed to assign and Esteem Sun conditionally agreed to assume all rights and benefits of the interest free shareholder's loan, at an aggregate consideration of HK$135 million. The acquisition was completed on 15 January 2019. Further details of the acquisition are set out in the Company's announcements dated 31 December 2018 and 15 January 2019.

Save as disclosed above, there was no other material acquisition or disposal (including the acquisition or disposal of subsidiaries) for the year ended 31 December 2018.

FUND RAISING ACTIVITIES AND USE OF PROCEEDS

(i) 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 efforts 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$99.3 million, which were intended to be used for developing the money lending business of the Group and/or enhancing its general working capital. As at 31 December 2018, the proceeds of HK$45 million had been utilized for the money lending business of the Group as intended. In January 2019, the use of proceeds of HK$30 million was changed to settle the refundable earnest money for a potential acquisition with the view of the Group's long term development and investment strategy and the remaining proceeds of approximately HK$24.3 million had been utilized for the money lending business of the Group as intended.

(ii) On 31 August 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 efforts basis, up to 1,452,000,000 placing shares at the placing price of HK$0.101 per placing share under a general mandate granted to the Directors at the annual general meeting of the Company held on 1 June 2018, 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 27 September 2018 and the net proceeds were approximately HK$143.5 million, which were intended to be used as to (i) approximately 90% for financing the future potential investment opportunities; and (ii) approximately 10% for enhancing its general working capital of the Group. As at 31 December 2018, the proceeds of HK$67 million had been utilized for payment of refundable deposit for an acquisition of a subsidiary as intended. In January 2019, the proceeds of HK$68 million had been utilized for settlement of the consideration of the aforesaid acquisition as intended and the remaining proceeds of approximately HK$8.5 million had been utilized for enhancing the Group's working capital as intended.

Save as disclosed above, the Company did not conduct any other fund raising activities during the year ended 31 December 2018.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's monetary assets and transactions are principally denominated in Hong Kong dollars, Renminbi and US dollars. During the year ended 31 December 2018, 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$20.9 million recognised as other comprehensive expense 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 2018, the Group had 67 staff (2017: 62 staff). The total staff cost incurred for the year ended 31 December 2018 was approximately HK$35.6 million (2017: approximately HK$34.3 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 ended 31 December 2018, 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 2018 annual report.

FINAL DIVIDEND

The Board has resolved not to recommend any final dividend for the year ended 31 December 2018 (2017: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the year ended 31 December 2018 (2017: 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. A summary of duties and work of the Audit Committee will be set out in the "Corporate Governance Report" in the 2018 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 2018.

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 2018 as set out in this announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2018. The work performed by ZHONGHUI ANDA 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 ZHONGHUI ANDA 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 ended 31 December 2018.

Under the 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, 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 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, one executive Director namely, Mr. Liu Wei and two independent non-executive Directors namely, Mr. Liu Haiping and Mr. Ru Xiangan were unable to attend the special general meeting held on 17 August 2018 and one executive Director namely, Mr. Liu Wei and three independent non-executive Director namely, Mr. Liu Haiping, Mr. Liu Tonghui and Mr. Ru Xiangan were unable to attend the special general meeting held on 16 October 2018.

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 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. 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 of the CG Code.

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 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 27 May 2019 to Monday, 3 June 2019 (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 Monday, 3 June 2019, 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 Friday, 24 May 2019.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement containing the results of the Group for the year ended 31 December 2018 is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.cbgroup.com.hk) respectively. The 2018 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. Liu Wei
Executive Director and Chief Executive Officer

Hong Kong, 28 March 2019

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.