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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

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 2015 together with the comparative figures for the six months ended 30 June 2014.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 June 2015

| | Notes | Six months ended | |
|--|-------|--------------------------------------|--------------------------------------|
| | | 30.6.2015 HK\$'000 (unaudited) | 30.6.2014 HK\$'000 (unaudited) |
| Turnover | 3 | 310,334 | 36,345 |
| Revenue | 4 | 205,222 | 12,228 |
| Cost of sales | | (193,553) | (11,691) |
| Gross profit | | 11,669 | 537 |
| Other income | | 1,108 | 1,128 |
| Administrative and other expenses | | (21,243) | (7,839) |
| Realised gain (loss) on held for trading investments | | 26,470 | (3,179) |
| Unrealised gain on fair value change on held for trading investments | | 123,554 | – |
| Share of result of an associate | | (167) | – |
| Finance costs | 5 | (735) | (1,265) |

* For identification purpose only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

| | | Six months ended | |
|--|--------------|-------------------------|------------------------|
| | | 30.6.2015 | 30.6.2014 |
| | <i>Notes</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | | (unaudited) | (unaudited) |
| Profit (loss) before tax | 6 | 140,656 | (10,618) |
| Income tax expense | 7 | (9) | – |
| Profit (loss) for the period | | <u>140,647</u> | <u>(10,618)</u> |
| Other comprehensive income (loss) for the period: | | | |
| <i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i> | | | |
| Exchange differences on translation of foreign operations | | 1,818 | (924) |
| Fair value gain on available-for-sale investments | | <u>21,352</u> | <u>–</u> |
| Other comprehensive income (loss) for the period, net of income tax | | <u>23,170</u> | <u>(924)</u> |
| Total comprehensive income (loss) for the period | | <u>163,817</u> | <u>(11,542)</u> |
| Profit (loss) for the period attributable to: | | | |
| Owners of the Company | | 142,158 | (8,681) |
| Non-controlling interests | | <u>(1,511)</u> | <u>(1,937)</u> |
| | | <u>140,647</u> | <u>(10,618)</u> |
| Total comprehensive income (loss) for the period attributable to: | | | |
| Owners of the Company | | 165,308 | (9,176) |
| Non-controlling interests | | <u>(1,491)</u> | <u>(2,366)</u> |
| | | <u>163,817</u> | <u>(11,542)</u> |
| Earnings (loss) per share | 9 | | |
| – basic (HK cents) | | <u>3.31</u> | <u>(0.36)</u> |
| – diluted (HK cents) | | <u>3.29</u> | <u>(0.36)</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

| | <i>Notes</i> | 30.6.2015 <i>HK\$'000</i> (unaudited) | 31.12.2014 <i>HK\$'000</i> (audited) |
|---|--------------|---|---|
| Non-current assets | | | |
| Property, plant and equipment | | 7,047 | 7,611 |
| Prepaid lease payment | | 12,115 | 12,131 |
| Available-for-sale investments | | 74,464 | 53,112 |
| Investment in an associate | | 111,386 | – |
| Goodwill | | – | – |
| | | 205,012 | 72,854 |
| Current assets | | | |
| Prepaid lease payment | | 254 | 279 |
| Inventories | | 10,981 | 10,904 |
| Trade and other receivables | 10 | 84,530 | 113,912 |
| Held for trading investments | | 354,196 | 98,030 |
| Pledged bank deposit | | 58 | 59 |
| Bank balances and cash | | 328,630 | 99,785 |
| | | 778,649 | 322,969 |
| Current liabilities | | | |
| Trade and other payables | 11 | 31,514 | 32,788 |
| Loan from a non-controlling shareholder of a subsidiary | | 28,861 | 28,126 |
| Tax liabilities | | 11,028 | 11,363 |
| | | 71,403 | 72,277 |
| Net current assets | | 707,246 | 250,692 |
| Total assets less current liabilities and net assets | | 912,258 | 323,546 |
| Capital and reserves | | | |
| Share capital | | 262,619 | 145,900 |
| Reserves | | 672,137 | 198,653 |
| Equity attributable to owners of the Company | | 934,756 | 344,553 |
| Non-controlling interests | | (22,498) | (21,007) |
| Total equity | | 912,258 | 323,546 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2015 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for available-for-sale investments and held for trading investments which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2014, except as described below.

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretation (“new HKFRSs”) issued by the HKICPA which are effective for the Group’s financial year beginning 1 January 2015.

| | |
|-----------------------|--|
| Amendments to HKFRSs | <i>Annual Improvements to HKFRSs 2010 – 2012 Cycle</i> |
| Amendments to HKFRSs | <i>Annual Improvements to HKFRSs 2011 – 2013 Cycle</i> |
| Amendments to HKAS 19 | <i>Defined Benefit Plans: Employee Contributions</i> |

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

3. TURNOVER

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

| | Six months ended | |
|--|------------------|---------------|
| | 30.6.2015 | 30.6.2014 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Trading of goods | 199,785 | – |
| Gross proceeds from disposal of held for trading investments | 105,112 | 24,117 |
| Provision of international air and sea freight forwarding services | 4,912 | 2,958 |
| Dividend income from held for trading investments | 525 | 165 |
| Manufacture and sales of coal | – | 9,105 |
| | <u>310,334</u> | <u>36,345</u> |

4. REVENUE AND SEGMENT INFORMATION

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

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

| | |
|--|---|
| International air and sea freight forwarding | – Provision of international air and sea freight forwarding and logistics services to customers. |
| Securities trading | – Trading of equity securities and dividend income from held for trading investments. |
| Manufacture and sales of coal | – Manufacture and sales of coal products to customers. |
| Trading of goods | – Trading of products including but not limited to radio system, electronic appliance and fuel in Hong Kong and the People's Republic of China (the "PRC"). |

The Group commenced trading of goods in the second half of 2014 and as such there were no segment turnover, revenue and profit for the six months ended 30 June 2014.

The following tables present revenue and segment profit (loss) regarding the Group's operating segments for the six months ended 30 June 2015 and 2014 respectively.

| | International air and sea freight forwarding HK\$'000 | Securities trading HK\$'000 | Manufacture and sales of coal HK\$'000 | Trading of goods HK\$'000 | Total HK\$'000 |
|--|--|--|---|--|---------------------------|
| Six months ended 30 June 2015 (unaudited) | | | | | |
| Turnover | <u>4,912</u> | <u>105,637</u> | <u>–</u> | <u>199,785</u> | <u>310,334</u> |
| Revenue | | | | | |
| External | <u>4,912</u> | <u>525</u> | <u>–</u> | <u>199,785</u> | <u>205,222</u> |
| Segment profit (loss) | <u>606</u> | <u>150,549</u> | <u>(1,848)</u> | <u>6,469</u> | <u>155,776</u> |
| Unallocated other income | | | | | 207 |
| Unallocated corporate expenses | | | | | (14,425) |
| Share of result of an associate | | | | | (167) |
| Finance costs | | | | | <u>(735)</u> |
| Profit before tax | | | | | <u>140,656</u> |
| | International air and sea freight forwarding HK\$'000 | Securities trading HK\$'000 | Manufacture and sales of coal HK\$'000 | | Total HK\$'000 |
| Six months ended 30 June 2014 (unaudited) | | | | | |
| Turnover | <u>2,958</u> | <u>24,282</u> | <u>9,105</u> | | <u>36,345</u> |
| Revenue | | | | | |
| External | <u>2,958</u> | <u>165</u> | <u>9,105</u> | | <u>12,228</u> |
| Segment profit (loss) | <u>62</u> | <u>(3,014)</u> | <u>(1,667)</u> | | (4,619) |
| Unallocated other income | | | | | 1,111 |
| Unallocated corporate expenses | | | | | (5,845) |
| Finance costs | | | | | <u>(1,265)</u> |
| Loss before tax | | | | | <u>(10,618)</u> |

The segment profit (loss) represents the profit earned (loss) from each segment without allocation of central administration expenses, directors' emoluments, interest income, government grants, sundry income, share of result of an associate and finance costs. This is the measure reported to chief operating decision maker for the purposes of resource allocation and performance assessment.

The following tables present assets and liabilities of the Group's operating segments as at 30 June 2015 and 31 December 2014:

| | International air and sea freight forwarding HK\$'000 | Securities trading HK\$'000 | Manufacture and sales of coal HK\$'000 | Trading of goods HK\$'000 | Total HK\$'000 |
|--------------------------------------|--|--|---|--|---------------------------|
| At 30 June 2015 (unaudited) | | | | | |
| Segment assets | <u>1,391</u> | <u>354,196</u> | <u>33,710</u> | <u>49,176</u> | 438,473 |
| Unallocated corporate assets | | | | | <u>545,188</u> |
| Total assets | | | | | <u>983,661</u> |
| Segment liabilities | <u>1,832</u> | <u>–</u> | <u>20,677</u> | <u>101</u> | 22,610 |
| Unallocated corporate liabilities | | | | | <u>48,793</u> |
| Total liabilities | | | | | <u>71,403</u> |
| | International air and sea freight forwarding HK\$'000 | Securities trading HK\$'000 | Manufacture and sales of coal HK\$'000 | Trading of goods HK\$'000 | Total HK\$'000 |
| At 31 December 2014 (audited) | | | | | |
| Segment assets | <u>1,051</u> | <u>98,030</u> | <u>36,639</u> | <u>101,225</u> | 236,945 |
| Unallocated corporate assets | | | | | <u>158,878</u> |
| Total assets | | | | | <u>395,823</u> |
| Segment liabilities | <u>1,962</u> | <u>–</u> | <u>21,860</u> | <u>157</u> | 23,979 |
| Unallocated corporate liabilities | | | | | <u>48,298</u> |
| Total liabilities | | | | | <u>72,277</u> |

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than the equipment of head office, available-for-sale investments, investment in an associate, certain deposits and other receivables, pledged bank deposit and bank balances and cash; and
- all liabilities are allocated to reportable segments other than certain other payables, loan from a non-controlling shareholder of a subsidiary and tax payable.

5. FINANCE COSTS

| | Six months ended | |
|---|-------------------------|-----------------|
| | 30.6.2015 | 30.6.2014 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (unaudited) |
| Interest on loan from a non-controlling shareholder of a subsidiary | 735 | 1,265 |

6. PROFIT (LOSS) BEFORE TAX

Profit (loss) before tax is arrived at after charging (crediting):

| | Six months ended | |
|---|-------------------------|-----------------|
| | 30.6.2015 | 30.6.2014 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (unaudited) |
| Auditors' remuneration | 397 | 491 |
| Amortisation of prepaid lease payment | 127 | 138 |
| Cost of inventories recognised as expenses | 190,081 | 9,598 |
| Depreciation of property, plant and equipment | 1,906 | 1,548 |
| Employee benefit expenses (including directors' remuneration) | 9,202 | 3,491 |
| Minimum lease payments under operating lease charges | 5,260 | 954 |
| Net exchange loss | 203 | 1,026 |
| Bank interest income | (30) | (769) |
| Gain on disposal of property, plant and equipment | (150) | – |
| Government grant | (19) | (16) |
| Interest income from trade receivables | (901) | – |

7. INCOME TAX EXPENSE

| Six months ended | |
|-------------------------|-------------|
| 30.6.2015 | 30.6.2014 |
| HK\$'000 | HK\$'000 |
| (unaudited) | (unaudited) |

Under provision in prior years:

| | | |
|-----------------------------------|----------|----------|
| PRC Enterprise Income Tax ("EIT") | <u>9</u> | <u>–</u> |
|-----------------------------------|----------|----------|

Hong Kong Profits Tax is calculated at 16.5% of the assessable profits. No provision for Hong Kong Profits Tax has been made as the assessable profit generated wholly absorbed by tax losses brought forward.

Under the Law of the PRC on EIT (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 PRC EIT was made for the six months ended 30 June 2014 as the Group did not have assessable profit generated.

8. DIVIDENDS

No dividend has been proposed or paid by the Group for the six months ended 30 June 2015 and 2014 nor has any dividend been proposed since the end of the reporting period.

9. EARNINGS (LOSS) PER SHARE

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

| Six months ended | |
|-------------------------|-------------|
| 30.6.2015 | 30.6.2014 |
| HK\$'000 | HK\$'000 |
| (unaudited) | (unaudited) |

Earnings (loss)

| | | |
|--|----------------|----------------|
| Profit (loss) for the period attributable to the owners of the Company | <u>142,158</u> | <u>(8,681)</u> |
|--|----------------|----------------|

| | Six months ended | |
|---|--|--------------------------|
| | 30.6.2015 (unaudited) | 30.6.2014 (unaudited) |
| Number of share | | |
| Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share | 4,297,990,267 | 2,431,670,845 |
| Effect of dilutive potential ordinary shares – share options | 28,917,812 | – |
| Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share | 4,326,908,079 | 2,431,670,845 |

The computation of diluted loss per share for the six months ended 30 June 2014 does not assume the exercise of the Group's outstanding share options because the exercise price of those options is higher than the average market price of the Company's shares.

10. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are debtors and bills receivables (net of allowance for bad debt and doubtful debts) with the following ageing analysis presented based on invoice date, which approximates the respective revenue recognition dates:

| | 30.6.2015 HK\$'000 (unaudited) | 31.12.2014 HK\$'000 (audited) |
|---|---|--|
| 0 – 30 days | 47,460 | 51,054 |
| 31 – 60 days | 317 | 49,505 |
| 61 – 90 days | 205 | 4,159 |
| 91 – 120 days | 18 | – |
| 121 – 180 days | – | – |
| Over 180 days | 6,598 | 4,032 |
| Trade and bills receivables | 54,598 | 108,750 |
| Deposits, prepayments and other receivables (<i>note</i>) | 29,932 | 5,162 |
| | 84,530 | 113,912 |

The Group allows an average credit period from 30 days to 180 days to its trade customers.

Note: As at 30 June 2015, loan receivable to an independent third party of HK\$25,000,000 (31 December 2014: nil) is included in other receivables and the amount is unsecured, interest bearing with 2% per month and repayable on 30 July 2015.

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are creditors with the following ageing analysis presented based on the invoice date at the end of the reporting period:

| | 30.6.2015 <i>HK\$'000</i> (unaudited) | 31.12.2014 <i>HK\$'000</i> (audited) |
|------------------------------------|---|--|
| 0 – 30 days | 447 | 450 |
| 31 – 60 days | 54 | 68 |
| 61 – 90 days | 5 | 8 |
| Over 90 days | 11,003 | 10,993 |
| | <hr/> | <hr/> |
| Trade payables | 11,509 | 11,519 |
| Accrued charges and other payables | 20,005 | 21,269 |
| | <hr/> | <hr/> |
| | 31,514 | 32,788 |
| | <hr/> | <hr/> |

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

12. CONTINGENCY

On 17 April 2013, the Company, as one of the respondents, and certain of its former directors were served a petition (the “Petition”) by the Securities and Futures Commission in relation to certain past transactions of the Group. The hearing for preliminary directions relating to the Petition was heard in the High Court on 31 July 2013. As set out in the announcement of the Company dated 19 June 2014, pursuant to an order made by the High Court on 9 May 2014, the parties attended the office of Deputy Clerk of Court (Civil), High Court on 18 June 2014, at which a date for the substantive hearing of the Petition has been set down by the parties, and will be held from 2 September 2015 to 8 September 2015. Based on the opinion of the independent legal adviser of the Company, the directors of the Company consider that the Petition does not have significant financial and operating impact on the Group.

Details of the Petition are set out in the announcements of the Company dated 18 April 2013, 31 July 2013 and 19 June 2014.

13. EVENTS AFTER THE REPORTING PERIOD

On 17 July 2015, a total of 437,690,150 share options with exercise price of HK\$0.3 per share to subscribe for a total number of 437,690,150 ordinary shares of HK\$0.05 each in the capital of the Company were granted to certain eligible Participants pursuant to the share option scheme adopted by the Company on 22 May 2012.

Details of the grant of share options are set out in the announcement of the Company dated 17 July 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

| | Six months ended 30 June | |
|---|--------------------------|---------------|
| | 2015 | 2014 |
| | <i>HK\$'M</i> | <i>HK\$'M</i> |
| Financial Results Highlight | | |
| Turnover | 310.3 | 36.3 |
| Gross profit | 11.7 | 0.5 |
| Other operating profit (loss) (net) | 151.0 | (2.1) |
| Total expenses | (22.0) | (9.1) |
| Net profit (loss) before taxation & non-controlling interests | 140.7 | (10.6) |
| Net profit (loss) after taxation & non-controlling interests | 142.2 | (8.7) |
| | 30 June | 31 December |
| | 2015 | 2014 |
| | <i>HK\$'M</i> | <i>HK\$'M</i> |
| Extract of Financial Position | | |
| Total assets | 983.7 | 395.8 |
| Total liabilities | (71.4) | (72.3) |
| Net current assets | 707.2 | 250.7 |
| Bank balances and cash | 328.6 | 99.8 |
| Total net assets | 912.3 | 323.5 |

Overview

For the six months ended 30 June 2015, the Group's turnover was approximately HK\$310.3 million, representing an increase of 755% as compared with HK\$36.3 million in last corresponding period. The Group recorded a gross profit of approximately HK\$11.7 million for the six months ended 30 June 2015, compared with a gross profit of approximately HK\$0.5 million in last corresponding period. Finally, the net profit for the period attributable to owners of the Company reached approximately HK\$142.2 million, compared with the net loss of approximately HK\$8.7 million in last corresponding period. The improvement of the Group's financial results was mainly attributable to, among other things, (i) realised gains of approximately HK\$26.5 million from securities investment; and (ii) unrealised fair value gains of approximately HK\$123.6 million from investment in listed trading securities held as at 30 June 2015.

BUSINESS AND FINANCIAL REVIEW

Coal Business

For the six months ended 30 June 2015, in light of deteriorated market conditions of coal products, the Group's coal business was inevitably affected so that no turnover of coal products was recorded (30 June 2014: turnover of approximately HK\$9.1 million and gross loss of approximately HK\$0.5 million). The loss of this business segment was remained at similar level of approximately HK\$1.8 million for the six months ended 30 June 2015 (30 June 2014: segment loss of approximately HK\$1.7 million).

Freight Forwarding Business

For the six months ended 30 June 2015, the turnover of the Group's freight forwarding business amounted to approximately HK\$4.9 million (30 June 2014: approximately HK\$3.0 million). Corresponding gross profit of approximately HK\$1.4 million and segment profit of approximately HK\$0.6 million were made for the six months ended 30 June 2015 respectively (30 June 2014: gross profit of approximately HK\$0.9 million and segment profit of approximately HK\$62,000). There was no significant change in the Group's strategy and plan in its freight forwarding business.

Securities Investment Business

For the six months ended 30 June 2015, the turnover of the Group's securities investment business amounted to approximately HK\$105.6 million (30 June 2014: approximately HK\$24.3 million). During the six-month period, the Group recorded a realised gain of approximately HK\$26.5 million (30 June 2014: realised loss of approximately HK\$3.2 million) and a net unrealised gain of the listed securities of approximately HK\$123.5 million (30 June 2014: nil). For the six months ended 30 June 2015, the Group received dividend income of approximately HK\$0.5 million (30 June 2014: approximately HK\$0.2 million). As at 30 June 2015, the Group held trading securities of approximately HK\$354.2 million in value (31 December 2014: approximately HK\$98.0 million).

Trading Business

The Group commenced its trading business in the second half of 2014 and engaged in trading of goods, including fuel oil, radio system and electronic appliance. For the six months ended 30 June 2015, the turnover of the Group's trading business amounted to approximately HK\$199.8 million whereas the gross profit was approximately HK\$9.7 million. Leveraged business network at Hong Kong and the PRC, the Group recorded a profit of approximately HK\$6.5 million in this segment.

LIQUIDITY AND CASHFLOW RESOURCES

As at 30 June 2015, the equity and net current assets of the Group amounted to approximately HK\$912.3 million (31 December 2014: approximately HK\$323.5 million) and HK\$707.2 million (31 December 2014: approximately HK\$250.7 million) respectively. On the same date, the Group had bank balances and cash of approximately HK\$328.6 million (31 December 2014: HK\$99.8 million) and the current ratio was 10.90 (31 December 2014: 4.47).

As at 30 June 2015, the gearing ratio of the Group was 0.02 (31 December 2014: 0.05). The gearing ratio is measured on the basis of interest bearing borrowings over total assets. As at 30 June 2015, the interest bearing borrowings and total asset of the Group amounted to approximately HK\$21.2 million (31 December 2014: approximately HK\$21.2 million) and HK\$983.7 million (31 December 2014: approximately HK\$395.8 million) respectively.

The Group has sufficient and readily available financial resources for both general working capital purpose and future expansion.

PLEDGE OF ASSETS

As at 30 June 2015 and 2014, none of the Group's securities were pledged to brokers to secure the margin loan. As at 30 June 2015 and 2014, no other significant assets were pledged to banks to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2015 and 31 December 2014, the Group had no material contingent liabilities.

CAPITAL EXPENDITURE

During the six months ended 30 June 2015, the Group incurred approximately HK\$1.3 million as capital expenditure mainly in respect of property, plant and equipment situated in both Hong Kong and PRC offices.

During the six months ended 30 June 2014, the Group incurred approximately HK\$0.8 million as capital expenditure mainly in respect of property, plant and equipment situated in the PRC factory.

CAPITAL COMMITMENTS

As at 30 June 2015, the Group had capital commitments of approximately HK\$2.2 million contracted but not provided mainly in relation to acquisition of a subsidiary and an associate.

As at 31 December 2014, the Group had capital commitments of approximately HK\$2.0 million contracted but not provided mainly in relation to acquisition of an associate and leasehold improvement costs.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2015, the Group held available-for-sale investments of approximately HK\$74.5 million (31 December 2014: approximately HK\$53.1 million) and held for trading investments of approximately HK\$354.2 million (31 December 2014: approximately HK\$98.0 million).

FOREIGN CURRENCY EXPOSURE

The Group's monetary assets, loans 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 the Hong Kong dollars, Renminbi and US dollars. 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 30 June 2015, the Group had 55 staff. The remuneration of employees was determined with reference to the market circumstances, the Group's performance as well as individual qualification and experience. In accordance with the Listing Rules, the staff of the Company's accounting and financial reporting function have adequate training programs and budget.

Pursuant to a share option scheme adopted on 22 May 2012 (the "2012 Share Option Scheme"), the Board may grant options to, among other, its directors (including non-executive directors and independent non-executive directors), employees 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

- (i) On 15 April 2015, the Group entered into a conditional sale and purchase agreement (the "Agreement") with an individual (the "Vendor") for the acquisition of the entire issued share capital of Advance Moon Limited (the "Target Company") which is the holder of a valid money lending licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) at consideration of HK\$800,000. The acquisition is still in process and has not been completed as of the date of this announcement. Details of the Agreement are set out in the Company's announcement dated 15 April 2015.
- (ii) On 20 April 2015, the Group entered into a subscription agreement (the "Subscription Agreement") with East Favor Global Investment Limited (the "Issuer"), an independent third party. Pursuant to the Subscription Agreement, the Group has conditionally agreed to subscribe for 9,608 new shares of the Issuer (the "Subscription Shares") at the consideration of HK\$110,250,000. The Subscription Shares represent approximately 49% of the total issued share capital of the Issuer as enlarged by the allotment and issue of the Subscription Shares. The Issuer through its wholly-owned subsidiaries, engaged in the business of manufacturing photovoltaic power generation system, construction, operation and management of photovoltaic power plants in the PRC. The subscription was completed on 11 June 2015. Details of subscription are set out in the Company's announcement dated 20 April 2015 and 11 June 2015.

Save as disclosed above, there was no other material acquisition or disposal (including the acquisition or disposal of subsidiaries and associated companies) for the six months ended 30 June 2015.

FUND RAISING ACTIVITIES AND USE OF PROCEEDS

Save as disclosed below, the Company has not conducted any other fund raising activities during the six months ended 30 June 2015.

| Date of announcement | Fund raising activities | Net proceeds | Intended use of proceeds | Actual use of proceeds |
|----------------------|--|---------------------------------|---|---|
| 29 September 2014 | Placing of 486,320,000 new shares under general mandate at the placing price of HK\$0.18 per share representing a discount of approximately 11.33% to the closing price of HK\$0.203 per share as quoted on the Stock Exchange as at the date of the placing agreement | Approximately HK\$85.32 million | Investment opportunities that might arise, including for the venture announced by the Company on 22 September 2014 in respect of a memorandum of understanding dated 22 September 2014 (the “MOU”) for a cartoon and comics-related business, licensing of comic brands and sale of children’s clothing and articles in the PRC (the “Project”). However, the MOU expired on 22 December 2014 and the Project did not proceed further. The Board resolved and announced on 30 December 2014 to change the proposed use of unutilized proceeds of approximately HK\$59.70 million in the following manner: (a) approximately HK\$30 million for other investment opportunities that may arise from time to time; and (b) the remaining balance of approximately HK\$29.70 million for general working capital. | <p>(a) approximately HK\$24.90 million for investment in listed securities;</p> <p>(b) approximately HK\$1.02 million for settlement of the professional fees incurred for the Project;</p> <p>(c) approximately HK\$29.70 million used as working capital;</p> <p>(d) approximately HK\$2.8 million used in merge and acquisition activities; and</p> <p>(e) the remaining of approximately HK\$26.9 million remained unused and will be used as intended.</p> |

| Date of announcement | Fund raising activities | Net proceeds | Intended use of proceeds | Actual use of proceeds |
|-----------------------------|---|----------------------------------|---|--|
| 10 November 2014 | Open offer on the basis of one offer share for every two existing shares held on the record date at the subscription price of HK\$0.15 per share representing a discount of approximately 39.76% to the closing price of HK\$0.249 per share as quoted on the Stock Exchange as at the date of the underwriting agreement | Approximately HK\$211.67 million | For capital injection into the wholly foreign owned enterprise (the “WFOE”) in the PRC for the purpose of establishing a financial leasing business in the PRC. | <p>(a) HK\$100 million for capital injection into the WFOE as intended;</p> <p>(b) HK\$110.25 million for settlement of the consideration of the subscription of new shares of East Favor Global Investment Limited. Details are disclosed in the announcement of the Company dated 11 June 2015; and</p> <p>(c) the remaining of approximately HK\$1.42 million for capital injection into the WFOE as intended</p> |
| 12 June 2015 | Placing of 875,380,000 new shares under general mandate at the placing price of HK\$0.25 per share representing a discount of approximately 7.41% to the closing price of HK\$0.27 per share as quoted on the Stock Exchange as at the date of the placing agreement | Approximately HK\$213 million | <p>(a) For further capital injection of approximately HK\$131 million into the WFOE for the purpose of establishing a financial leasing business in the PRC; and</p> <p>(b) approximately HK\$82 million to be utilised for investment opportunities that may arise and/or general working capital.</p> | <p>(a) approximately HK\$131 million for capital injection into the WFOE as intended;</p> <p>(b) approximately HK\$50 million utilised for general working capital as intended; and</p> <p>(c) the remaining of approximately HK\$32 million remained unused and will be used as intended.</p> |

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2015 (30 June 2014: nil).

OUTLOOK

The Group views current market conditions with considerable concern. The overall economic outlook in the near term is bleak. Mainland China's economic slowdown has further dampened regional growth in the Greater China Region. Faced with these challenges, the Group will review its strategy of respective business segments and developments from time to time.

In the second half of 2015, the Group will continue the consolidation on its existing businesses and commence the new segment of finance lease business in the PRC. In view of the sluggish stock market performance in July and August 2015, the Group's investments in listed securities and funds have been significantly affected. The Board envisages pressure on the Group's profitability in this segment and will closely monitor its investment portfolio under the volatile market conditions.

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 2015.

INTERNAL CONTROL

The Board acknowledges its responsibility for the Group's system of internal control to safeguard shareholder 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 2015 in compliance with CG Code.

Under Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The role of the chairman was performed Mr. Kuk Peter Z during the period from 1 January 2015 to 20 May 2015 and performed by Mr. Tan Xiangdong from 22 May 2015 onwards, who provided leadership for the Board and was responsible for chairing meetings, managing the operations of the Board and ensuring that all major and appropriate issues were discussed by the Board in a timely and constructive manner. They are also responsible for the strategic management of the Group and for formulating the Group's overall corporate direction and focus.

The role of chief executive officer was performed by Mr. Li Xiaolong ("Mr. Li"), who was responsible for the overall management and operations of the Group. He was also responsible for running the businesses of the Group and implementing the Group's strategic plans and business goals. Mr. Li resigned as chief executive officer of the Company on 10 August 2015. The Board is considering suitable candidate to be elected as this role.

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

Under Code Provision A.6.7 of the CG Code, the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to various work commitments, an independent non-executive director of the Company was unable to attend the annual general meeting held on 22 May 2015.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive directors, namely, Mr. Chan Fong Kong Francis, Mr. Chen Zhenguo and Mr. Li Yu.

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 2015 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 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 2015.

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 2015 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. Li Yang
Deputy Chairman

Hong Kong, 28 August 2015

As at the date of this announcement, the Board comprises three executive directors, namely, Mr. Tan Xiangdong, Mr. Li Yang and Mr. Wang Jian, and three independent non-executive directors, namely, Mr. Chan Fong Kong Francis, Mr. Chen Zhenguang and Mr. Li Yu.