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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 2009

The board of directors (the "Board") of China Best Group Holding Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009, together with the comparative figures for the year ended 31 December 2008, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2009

	NOTES	**2009** **HK$'000**	2008 HK$'000
Turnover	*3*	**245,778**	632,419
Revenue	*4*	**6,661**	450,644
Cost of sales		**(4,666)**	(470,444)
Gross profit (loss)		**1,995**	(19,800)
Other income	*5*	**323**	3,344
Selling and distribution expenses		**–**	(11,338)
Administrative expenses		**(31,396)**	(72,584)
Fair value change on investment properties		**(143)**	(368)
Realised gain (loss) on investments held for trading		**19,199**	(85,543)
Fair value (loss) gain on investments held for trading		**(582)**	13,419
Impairment loss on property, plant and equipment		**–**	(28,162)
Gain on deconsolidation of subsidiaries	*8*	**–**	244,809
Gain on disposal of subsidiaries		**17,130**	–
Loss on disposal of an associate		**(114)**	–
Finance costs	*6*	**(93)**	(30,963)
Share of results of an associate		**–**	278
Profit before taxation		**6,319**	13,092
Taxation	*7*	**43**	(125)

* *For identification purpose only*

	NOTE	2009 HK$'000	2008 HK$'000
Profit for the year attributable to owners of the Company		**6,362**	12,967
Other comprehensive income for the year attributable to owners of the Company:			
Exchange differences on translating foreign subsidiaries		**(492)**	9,626
Total comprehensive income for the year attributable to owners of the Company		**5,870**	22,593
Earnings per share			
Basic and diluted	*9*	**0.3 HK cents**	0.8 HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**713**	4,278
Investment properties		**1,860**	8,820
Interests in an associate		**–**	–
Available-for-sale investments		**7,500**	7,500
Deposit paid for acquisition of subsidiaries		**–**	287,709
Club debentures		**–**	1,242
		10,073	309,549
Current assets			
Trade and other receivables	*10*	**1,754**	4,656
Short-term loan receivables		**–**	22,839
Investments held for trading		**53,741**	21,659
Tax recoverable		**44**	–
Deposits placed with security brokers		**9,014**	17,323
Bank balances and cash		**314,504**	22,017
		379,057	88,494
Assets classified as held for sales		**–**	4,641
		379,057	93,135
Current liabilities			
Trade and other payables	*11*	**14,014**	17,598
Deposit received for disposal of subsidiaries	*8*	**–**	15,000
Taxation payable		**5,600**	5,668
Margin loan payables		**161**	–
		19,775	38,266
Net current assets		**359,282**	54,869
		369,355	364,418
Capital and reserves			
Share capital		**105,490**	527,449
Reserves		**263,865**	(163,031)
		369,355	364,418

Notes:

1. BASIS OF PRESENTATION

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

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised Standards, Amendments to Standards and Interpretations (herein collectively referred to as "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are or have become effective for the Group's financial year beginning 1 January 2009.

Hong Kong Accounting Standard ("HKAS") 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
Hong Kong Financial Reporting Standard ("HKFRS") 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Financial Instruments – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Interpretation ("INT") 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – INT 13	Customer Loyalty Programmes
HK(IFRIC) – INT 15	Agreements for the Construction of Real Estate
HK(IFRIC) – INT 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – INT 18	Transfer of Assets from Customers

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendments to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

HKAS 1 (Revised) has introduced a number of terminology changes, including revised titles for the consolidated financial statements, and changes in format and content of the financial statements. HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see Note 4). The adoption of the other new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new or revised Standards, Amendments or INTs that have been issued but are not yet effective for the accounting period beginning on 1 January 2009.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Right Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – INT 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments[5]

[1] *Effective for annual periods beginning on or after 1 July 2009.*

[2] *Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.*

[3] *Effective for annual periods beginning on or after 1 January 2010.*

[4] *Effective for annual periods beginning on or after 1 February 2010.*

[5] *Effective for annual periods beginning on or after 1 July 2010.*

[6] *Effective for annual periods beginning on or after 1 January 2011.*

[7] *Effective for annual periods beginning on or after 1 January 2013.*

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objectives is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of *Improvements to HKFRSs (2009)*, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leases were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or INTs will have no material impact on the consolidated financial statements.

3. TURNOVER

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

	2009	2008
	HK$'000	*HK$'000*
Provision of international air and sea freight forwarding services	**6,016**	14,938
Sales of coke	**–**	433,352
Consultancy service income	**–**	630
Gross proceeds from disposal of investments held for trading	**239,117**	181,775
Dividend income from investments held for trading	**645**	1,724
	245,778	632,419

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e. the board of directors of the Company) for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments.

The application of HKFRS 8 has not resulted in the redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group's reportable operating segments as follows:

a) International air and sea freight forwarding

Engaged in the provision of international air and sea freight forwarding and logistic services to customers

b) Securities trading

Engaged in trading of equity securities

c) ***Manufacture and sales of coke***

Engaged in manufacture and sales of coke products to customers

Segment profit or loss represents the profit earned by or loss from each segment without allocation of central administration costs, directors' salaries, other income, gain on disposal of subsidiaries, loss on disposal of an associate, gain on deconsolidation of subsidiaries, share of results of an associate, finance costs and income tax. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

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

– all assets are allocated to reportable segments other than assets classified as held for sale, deposit paid for acquisition of subsidiaries and other corporate assets.

– all liabilities are allocated to reporting segments other than deposit received from disposal of subsidiaries and other corporate liabilities.

Segment revenues and results

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

	International air and sea freight forwarding *HK$'000*	Securities trading *HK$'000*	Manufacture and sales of coke *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Year ended 31 December 2009					
Turnover	**6,016**	**239,762**	**–**	**–**	**245,778**
Revenue					
External	**6,016**	**645**	**–**	**–**	**6,661**
Segment results	**(1,042)**	**19,262**	**–**	**–**	**18,220**
Unallocated corporate expenses					**(29,104)**
Other income					**323**
Gain on disposal of subsidiaries					**17,130**
Loss on disposal of an associate					**(114)**
Finance costs					**(93)**
Profit before taxation					**6,362**

	International air and sea freight forwarding	Securities trading	Manufacture and sales of coke	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2008					
Turnover	14,938	183,499	433,352	630	632,419
Revenue					
External	14,938	1,724	433,352	630	450,644
Segment results	39	(70,400)	(90,120)	(1,243)	(161,724)
Unallocated corporate expenses					(42,777)
Other income					3,344
Gain on deconsolidation of subsidiaries					244,809
Finance costs					(30,963)
Share of results of an associate					278
Profit before taxation					12,967

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments.

	International air and sea freight forwarding	**Securities trading**	**Manufacture and sales of coke**	**Others**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
At 31 December 2009					
ASSETS					
Segment assets	4,081	143,066	–	–	147,147
Unallocated corporate assets					241,983
Total assets					389,130
LIABILITIES					
Segment liabilities	1,553	5,814	–	–	7,367
Unallocated corporate liabilities					12,408
Total liabilities					19,775

	International air and sea freight forwarding	Securities trading	Manufacture and sales of coke	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2008					
ASSETS					
Segment assets	5,422	48,936	–	454	54,812
Interests in an associate					4,641
Deposit paid for acquisition of subsidiaries					287,709
Unallocated corporate assets					55,522
Total assets					402,684
LIABILITIES					
Segment liabilities	1,989	5,601	–	–	7,590
Deposit received from disposal of subsidiaries					15,000
Unallocated corporate liabilities					15,676
Total liabilities					38,266

Other segment information

	International air and sea freight forwarding	**Securities trading**	**Manufacture and sales of coke**	**Others**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Year ended 31 December 2009					
Additions to non-current assets	**–**	**–**	**–**	**1,151**	**1,151**
Unallocated amount					**90**
					1,241
Depreciation of property, plant and equipment	**15**	**–**	**–**	**471**	**486**
Unallocated amount					**164**
					650
Written off of property, plant and equipment	**–**	**–**	**–**	**408**	**408**
Unallocated amount					**30**
					438
Recovery of bad debts	**(163)**	**–**	**–**	**–**	**(163)**
Realised gain on investment held for trading	**–**	**(19,199)**	**–**	**–**	**(19,199)**
Fair value loss on investments held for trading	**–**	**582**	**–**	**–**	**582**

	International air and sea freight forwarding *HK$'000*	Securities trading *HK$'000*	Manufacture and sales of coke *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Year ended 31 December 2008					
Additions to non-current assets	1	–	53,573	243	53,817
Unallocated amount					7
					53,824
Depreciation of property, plant and equipment	25	–	7,023	609	7,657
Unallocated amount					12
					7,669
Amortisation of prepaid lease payments	–	–	179	–	179
Gain on disposal of property, plant and equipment	–	–	(43)	–	(43)
Recovery of bad debts	–	–	(1,101)	–	(1,101)
Impairment loss on trade receivables	–	–	9,292	–	9,292
Allowance on inventories	–	–	46,838	–	46,838
Impairment loss on property, plant and equipment	–	–	28,162	–	28,162
Realised loss on investments held for trading	–	85,543	–	–	85,543
Fair value gain on investments held for trading	–	(13,419)	–	–	(13,419)

Geographical information

International air and sea freight forwarding services are carried out in Singapore, North and South America. Trading of securities are carried out in Hong Kong. The manufacture and sales of coke is carried out in the People's Republic of China (the "PRC").

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and investment properties ("specified non-current assets").

	Revenue from external customers		Specified non-current assets	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
North and South America	**1,464**	6,208	**–**	–
PRC and HK	**645**	435,706	**2,566**	10,715
Singapore	**4,552**	8,730	**7**	2,383
	6,661	450,644	**2,573**	13,098

Information about major customers

During the year ended 31 December 2008, revenue from customers contributing over 10% of the total revenue of the Group was all from sales of coke:

	2008
	HK$'000
Customer A	76,035
Customer B	56,731
Customer C	50,116
Customer D	46,178
	229,060

During the year ended 31 December 2009, there was no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

5. OTHER INCOME

	2009	2008
	HK$'000	*HK$'000*
Interest income	**11**	498
Gain on disposal of property, plant and equipment	**–**	43
Recovery of bad debts	**163**	1,101
Government grants *(Note)*	**59**	591
Sundry income	**90**	1,111
	323	3,344

Note:

During the year ended 31 December 2009, a government grant of approximately HK$59,000 was granted to the Group in relation to job credit scheme in Singapore. The government grant was provided to the Group on the condition that they have made CPF contributions in Singapore during the year.

During the year ended 31 December 2008, a government grant of HK$5,906,000 was granted to the Shanxi Changxing Yuci Coking Co., Limited ("Shanxi Changxing"), the disposed subsidiary of the Group, in relation to the sewage facilities. The government grants of HK$591,000 represented the amount released to the consolidated statement of comprehensive income over the useful lives of these sewage facilities using straight line basis.

6. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest on other borrowings wholly repayable within five years:		
Other borrowings	**–**	30,400
Margin loan payables	**93**	563
	93	30,963

7. TAXATION

	2009	2008
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax		
Charge for the year	**–**	125
Tax in other jurisdictions		
Overprovision in prior years	**(43)**	–
	(43)	125

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the years ended 31 December 2009 and 2008.

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.

In additions, according to the EIT Law, starting from 1 January 2008, 10% withholding income tax will be imposed on dividends relating to profits earned by the companies established in the PRC in the calendar year 2008 onwards to their foreign shareholders. Such deferred tax has not been provided as the Group is able to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

	2009	2008
	HK$'000	*HK$'000*
Profit before taxation	**6,319**	13,092
Tax charge at the income tax rate of 16.5% (2008: 25%)	**1,043**	3,273
Tax effect of share of results of an associate	**–**	(69)
Tax effect of expenses that are not deductible in determining taxable profit	**4,687**	23,440
Tax effect of income that is not taxable in determining taxable profit	**(4,843)**	(61,287)
Tax effect of utilisation of tax loss not previously recognised	**(1,736)**	-
Tax effect of tax losses not recognised	**1,723**	26,150
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(874)**	8,618
Overprovision in prior years	**(43)**	–
Taxation (credit) charge for the year	**(43)**	125

The income tax rate was changed from 25% to 16.5% in 2009 as majority of the operation occurred in Hong Kong during the year ended 31 December 2009.

The major deferred tax liabilities (assets) recognised and movements thereof during the current year and prior year are summarised below:

	Accelerated tax depreciation *HK$'000*	Tax losses *HK$'000*	Total *HK$'000*
Balance at 1 January 2008	170	(170)	–
Charge (credit) to consolidated statement of comprehensive income for the year	(83)	83	–
Effect of change in tax rate	(5)	5	–
Balance at 31 December 2008 and 1 January 2009	82	(82)	–
Charge (credit) to consolidated statement of comprehensive income for the year	(19)	19	–
Balance at 31 December 2009	63	(63)	–

At 31 December 2009, the Group has estimated unutilised tax losses of HK$125,560,000 (2008: HK$148,611,000) available for offset against future profits. A deferred tax asset has been recognised in respect of estimated unutilised tax losses of HK$382,000 (2008: HK$496,000). No deferred tax asset has been recognised of the remaining tax losses due to the unpredictability of future profit streams. The estimated unutilised tax losses of HK$125,527,000 (2008: HK$125,637,000) will not expire under the current tax legislation in Hong Kong. The estimated tax losses attributable to subsidiary in Singapore amounted to HK$33,000 (2008: nil). The use of such estimated unutilised tax losses is subject to the agreement of the tax authority and compliance with certain provision of the tax legislation in Singapore. All other tax losses as at 31 December 2008 will expire from 2008 to 2010.

8. DECONSOLIDATION OF SUBSIDIARIES

On 27 November 2008, the Company entered into an agreement to dispose of the entire equity interests in Funeway Investments Limited ("Funeway") at a consideration of HK$15 million to independent third parties. Pursuant to the agreement, all directors of Funeway who were appointed by the Company are required to resign as directors of Funeway. On 31 December 2008, all such directors resigned as directors of Funeway accordingly. The directors of the Company consider that the Group's control over Funeway and its subsidiary, Shanxi Changxing ("Funeway Group") was lost on 31 December 2008 and the Funeway Group ceased to be the Group's subsidiaries. The results of Funeway Group were included in the consolidated statement of comprehensive income up to 31 December 2008 and the consolidated financial statements of Funeway Group were deconsolidated from the Group from 31 December 2008.

The disposal transaction was approval by the shareholders in the special general meeting held on 15 July 2009.

The net liabilities of Funeway Group at the date of deconsolidation were as follows:

	31/12/2008
	HK$'000
Property, plant and equipment	140,111
Prepaid lease payments	4,226
Inventories	71,356
Trade and other receivables	1,719
Bank balances and cash	21,895
Trade and other payables	(260,702)
Short term other borrowings	(238,211)
Long term other borrowings	(39,347)
Minority interests	44,136
	(254,817)
Translation reserve realised on deconsolidation of subsidiaries	10,008
Gain on deconsolidation	(244,809)

9. EARNINGS PER SHARE

The calculation of the basic earning per share is based on the profit for the year attributable to owners of the Company of approximately HK$6,362,000 (2008: HK$12,967,000) and on the weighted average number of 2,109,795,845 (2008 as restated: 1,694,375,113 due to a share consolidation of every 5 shares of the Company into one share which was completed on 6 October 2009) ordinary shares in issue during the year.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options because the exercise price of those options was higher than the average market price for shares for the year ended 31 December 2009 and 2008.

10. TRADE AND OTHER RECEIVABLES

The Group allows its trade customers with credit periods normally ranging from 30 days to 90 days. Included in trade and other receivables (net of allowance for doubtful debts) are trade receivables with the following aged analysis:

	2009	2008
	HK$'000	*HK$'000*
0-30 days	**432**	769
31-60 days	**336**	315
61-90 days	**36**	139
Trade receivables	**804**	1,223
Deposits and prepayments	**950**	3,433
	1,754	4,656

Included in deposit and prepayments as at 31 December 2008 were amount due from a substantial shareholder with aggregate carrying amount of approximately HK$68,000. The amount was unsecured, interest-free and repaid during the year ended 31 December 2009.

Before accepting any new customer, the Group uses a system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed on a regular basis.

As at 31 December 2009, all trade receivables were aged within 90 days and there was no allowance for doubtful debts during the year.

As at 31 December 2008, the Group provided fully for all receivables over 90 days because historical experience was such that receivables that were past due beyond 90 days were generally not recoverable.

Trade receivables as at 31 December 2008 and 2009 that are neither past due nor impaired have the best credit under the credit system used by the Group. The Group did not hold any collateral over these balances.

Movement in allowance for doubtful debts

	2009	2008
	HK$'000	*HK$'000*
Balance at beginning of the year	**1,622**	4,605
Impairment loss recognised	**–**	9,292
Recovery of bad debts	**(163)**	(1,101)
Deconsolidation of subsidiaries	**–**	(11,174)
Balance at end of the year	**1,459**	1,622

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade and bills payables with the following aged analysis:

	2009	2008
	HK$'000	*HK$'000*
0-30 days	**98**	471
31-60 days	**15**	9
61-90 days	**6**	5
Over 90 days	**1,864**	1,854
Trade and bills payables	**1,983**	2,339
Accrued charges and other payables	**12,031**	15,259
	14,014	17,598

MANAGEMENT DISCUSSION AND ANALYSIS

	2009 Final *HK$'M*	2008 Final *HK$'M*	**2009vs08 Difference** *HK$'M*
Financial Results Highlight			
Turnover	**245.8**	632.4	(386.6)
Gross Profit	**2.0**	(19.8)	21.8
Other operating Income	**35.8**	147.5	(111.7)
Total Expenses	**(31.5)**	(114.9)	(83.4)
NPBT&M	**6.3**	13.1	(6.8)
NPAT&M	**6.3**	13.0	(6.7)
Extract of Financial Affairs			
Total Assets	**389.1**	402.6	(13.5)
Total Liabilities	**(19.8)**	(38.3)	(18.5)
Net Current Assets	**359.3**	54.9	304.4
Cash and Bank Balance	**314.5**	22.0	292.5
Total Net Assets	**369.4**	364.4	5.0

The consolidated turnover of the Group amounted to HK$245,800,000 for the year ended 31 December 2009 (2008: HK$632,400,000). Total gross profit was approximately HK$2,000,000 (2008: HK$19,800,000 gross loss). For the year ended 31 December 2009, the Group recorded net of other operating incomes (net of other expenses) of HK$35,800,000 (2008: HK$147,500,000) and total expenses of HK$31,500,000 (2008: HK$114,900,000) and net profit before Taxation and Minority Interest HK$6,300,000 (2008: HK$13,100,000). Finally, the net profit after Taxation and Minority Interest was approximately HK$6,300,000 (2008: HK$13,000,000).

BUSINESS REVIEW

Coke Business

There was no turnover of coke/coal enterprise for the year ended 31 December 2009 (2008: HK$433,352,000). No gross profit was made (2008: HK$25,380,000 loss).

The Group successfully divested Shanxi Changxing, which was debt-burdened and heavy loss-making.

Freight Forwarding Business

The turnover of the Group's international forwarding agency business was HK$6,016,000 (2008: HK$14,938,000), representing a decrease of 60% as compared to the previous corresponding period. Total gross profit was HK$1,995,000 (2008: HK$3,257,000), a decrease of HK$1,262,000 comparing with the previous corresponding period.

The group's freight forwarding business was dropped as international freight forwarding business had still faced the keen competition and slump global economy.

Securities Investment

The total transaction volume of the Group's securities investment business was HK$239,762,000 (2008: HK$183,499,000), representing an increase of 31% as compared to the previous corresponding period. The realised and unrealised gain on a fair value adjustment of was HK$18,617,000 for investments held for trading during the year ended 31 December 2009 (2008: HK$72,124,000).

The subsequent rebound of the stock market allowed the Group to obtain satisfactory returns on its securities investment of the surplus fund.

LIQUIDITY AND CASHFLOW RESOURCES

The gearing ratio maintained is nearly at zero (2008: zero) and the current ratio greatly increased from 2.43 to 19.17. The calculation of gearing ratio is based on interest bearing borrowings of HK$161,000 (2008: nil) and the shareholders' equity of HK$369,355,000 (2008: HK$364,418,000) at the balance sheet date. The calculation of current ratio is based on the current assets of HK$379,057,000 (2008: HK$93,135,000) and the current liabilities of HK$19,775,000 (2008: HK$38,266,000) at the balance sheet date.

Last year we had raised the funds from both the open offer and top-up placing can strengthen our financial position enable the Group to have sufficient and readily available financial resources for both general working capital purpose and feasible acquisition of the proposed investment in the coal or coke industry in the PRC may encounter or contemplate in the future. Finally, we successfully met the capital requirement by open offer and top-up placing. Famous strategic partners and investors such as Harbinger Group of USA were attracted to become our substantial shareholder.

The cash and bank was HK$314,500,000 (2008: HK$22,000,000) and the Group got strong cash position at the balance sheet date.

PLEDGE OF ASSETS

At the balance sheet date, the Group's securities of HK$161,000 (2008: nil) were pledged to brokers to secure the margin loan. At the balance sheet date, there was no other significant assets (2008: HK$Nil) pledged to banks to secure general banking facilities granted to the Group and the post dated bills payable.

CAPITAL EXPENDITURE

For the year ended 31 December 2009, the Group incurred a total capital expenditure of HK$1,241,000 (2008: HK$61,250,000), which was funded by its own financial resources and bank borrowings. Of which, approximately HK$1,241,000 (2008: HK$700,000) spent mainly on leasehold improvements and office equipment. No further capital expenditures were spent on development of the production facilities in Shanxi, Mainland China (2008: HK$54,000,000) and for acquisition of investment property in Beijing (2008: HK$7,500,000).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's monetary assets, loans and transactions are principally denominated in Hong Kong dollars, US dollars and Renminbi. During the period, there was no significant fluctuation in the exchange rates of the Hong Kong dollars and US dollars. The appreciation in the currency value of the Renminbi may have some impact especially for the joint venture in PRC. The Group will take a prudent approach for this impact but do not engage in any derivative activities and not commit to any financial instruments to hedge its balance sheet exposure in 2009.

CHANGE OF DIRECTORSHIP

On 20 January 2009, Mr. Zhang Jun was resigned as executive director of the Company.

On 11 May 2009, Mr. Sun Yeung Yeung was resigned as independent non-executive director of the Company.

On 2 June 2009 Ms. Yao Haixing was appointed as non-executive director of the Company and re-elected in the Special General Meeting dated 17 June 2009.

On 20 July 2009, Ms. Xing Hua was appointed as independent non-executive director of the Company.

EMPLOYEE AND HUMAN RESOURCES POLICY

The Group had approximately 32 staffs at 31 December 2009 (2008: 530). The remuneration of employees was determined with reference to the market terms, their qualification, experience and performance to the Company. The total staff costs incurred for the year ended 31 December 2009 was approximately HK$8,593,000 (2008: HK$10,027,000).

CAPITAL RE-STRUCTURE

As at 26 May 2009, the Group issued a Circular for the Capital Reduction and Share Subdivision through a cancellation of the issued capital of the Company to the extent of HK$0.04 on each of the issued Shares such that the nominal value of each issued Shares had been reduced from HK$0.05 to HK$0.01, and the credit arising from the reduction of the issued share capital in the aggregate amount of approximately HK$421,959,169.16 had been applied towards setting off against part of the accumulated losses of the Company. As at 15 June 2009, this resolution had been passed as a Special Resolution in the Special General Meeting by the Shareholders.

As at 18 September 2009, the Group also issued a Circular for the Proposed Share Consolidation and Change of Board Lot size. The issued and unissued share capital will be consolidated on the basis of 5 shares of HK$0.01 into one Consolidated Share of HK$0.05 each. As a result, the authorised share capital will be consolidated from HK$250,000,000,000 of 250,000,000,000 shares to 50,000,000,000 while issued shares from 10,548,979,229 shares to approximately 2,109,795,845 shares. Furthermore, the Board Lot size increased from 2,000 to 20,000. An ordinary resolution of approval aforesaid was considered and approved in the Special General Meeting as at 6 October 2009.

BUSINESS PROSPECT

The Group is principally engaged in coke processing, international air and sea freight forwarding and the provision of logistics services as well as trading of securities. In order to strengthen the core business – coal and coke processing, we continue to dig out investment opportunities for business development.

Furthermore, we will also develop our business the new energy. The Group had decided to strengthen the financial position and re-locate more resources to occupy our unique market position in China. Through our group's international exposure in management & financing, and followed the National policy of PRC, we are confident to develop a successful business model to obtain high contribution and stable revenue from energy in the future.

Material Disposal and Termination of Possible Acquisition

On 27 November 2008, the Company entered into the Disposal Agreement with Profit Firm whereby the Company was disposed the entire interest in Funeway at a consideration of HK$15 million of which full amount be received, and the disposal was subsequently completed on the Special General Meeting at 15 July 2009. The disposal had successfully divested Shanxi Changxing, which was debt-burdened and heavy loss-making to the Group.

On 3 March 2008, the Group entered into a non-legally binding memorandum of understanding ("MOU") with Asset Rich International Limited for the possible acquisition of an equity interest in a coal mining and a coke processing venture, namely, Inner Mongolia Qipanjing Mining Co., Ltd. and Inner Mongolia Qipanjing Coking Co., Ltd. respectively. On 27 November 2008, Clearmind Investments Limited ("Clearmind"), a wholly-owned subsidiary of the Company, entered into the Possible Acquisition Agreement with Asset Rich at the consideration of HK$720 million of which HK$305 million refundable deposit paid to acquire 60% interest of ChongHou Energy which be terminated on 11 August 2009. All the deposits were paid back to the Group at the end of September 2009.

Short-term strategy – 2009

At the first stage of re-structuring, the Board reduced the scale in the business activities of freight forwarding by transfer out the equity interest in the associated company, Shanghai International Airlines Services Co. Limited at a consideration of RMB4 million in November 2008 and was subsequently completed at January 2009.

At the second stage of re-structuring, the Board had decided to dispose its investment property and some non-current assets in PRC. The Group disposed the interest in a PRC subsidiary, China Best Jet-Air Logistics Consultancy Limited with non-core investments at a consideration of HK$8 million of which full amount be received at the fourth quarter of 2009.

Long-term strategy

The Group has planned to be the leader of the newly growing business in energy of PRC. With comparative advantages such as contemporary international management exposure and financing experience plus deeply understanding the trend of energy businesses for PRC National policy, the Group is confident to develop different successful business models to obtain high growth rate and stable revenue from coal, coking processing and new energy in the future. For diversification, the Group had allocated US$28 million and prepared to invest by setting up a PRC WOFE, Liyang Guohua New Energy Co. Ltd. of new energy business in Jiansu at the fourth quarter of 2009.

Although the stringent environmental legislations and recent Global Financial Crunch may have impact for the industry, PRC still maintains as an economic region with stable continuous health growth. The future development prospect of coal and coke industry in PRC is considered to be optimistic because the increase of internal demand of PRC economy will stimulate the demand of mobile vehicles in the villages. Furthermore, some other favourable macro national policies of PRC publicized to give incentive for the new clean energy.

It is expected China will be the one who will be the first recovered economy after the Global Financial Crisis. It is also a great opportunity for us to strength our energy business activities after the start of purchasing coal mines and development of our coke processing which considered to be invaluable scarcity of energy resource in the future.

FINAL DIVIDEND

The Board of Directors has resolved not to recommend the payment of any final dividend for the year ended 31 December 2009 (2008: nil).

CLOSURE OF REGISTER

The Register of members will be closed from Wednesday, 5 May 2010 to Friday, 7 May 2010 (both days inclusive) during which period no transfer of share can be registered.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s shares during the year ended 31 December 2009.

AUDIT COMMITTEE

The Board has established the Audit Committee in accordance with the Listing Rules. The Committee comprises Ms. Chung Kwo Ling, Mr. Chan Ngai Sang, Kenny and Ms. Xing Hua, the three independent non-executive directors.

Summary of duties and works of the Audit Committee is set out in the "Corporate Governance Report" in annual report.

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2009 in conjunction with the Company's external auditor SHINEWING (HK) CPA Limited.

CODE OF BEST PRACTICE AND CORPORATE GOVERNANCE

Details of corporate governance are set out in the section headed "Corporate Governance Report" in annual report.

During the year ended 31 December 2009, the Company has fully complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules, with deviation from Code Provision A.4.1.

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

INTERNAL CONTROL

The Board acknowledges its responsibility for the Group's internal control system to safeguard shareholders' investment and reviewing the effectiveness of such on an annual basis under Code Provision C.2.1.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 year ended 31 December 2009.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement of the Group for the year ended 31 December 2009 is published on the websites of The Stock Exchange of Hong Kong Limited (http://www.hkexnews.hk) and the Company (http://www.cbgroup.com.hk) respectively. The 2009 annual report and notice of annual general meeting of the Company will be despatched to the shareholders and made available on the above websites.

By order of the Board
China Best Group Holding Limited
Ma Jun Li
Chairman

Hong Kong, 26 March 2010

The board of directors of the Company as at the date hereof comprises five executive Directors, namely, Ms. Ma Jun Li, Mr. Ng Tang, Mr. Zhang Da Qing, Mr. Ren Zheng and Ms. Cheung Hoi Ping; one non-executive Director, namely Ms. Yao Haixing and three independent non-executive Directors, namely Ms. Chung Kwo Ling, Mr. Chan Ngai Sang Kenny and Ms. Xing Hua.