

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 FIFTEEN MONTHS ENDED 31 MARCH 2021

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 fifteen months ended 31 March 2021, together with the comparative figures for the year ended 31 December 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the fifteen months ended 31 March 2021

		1 January 2020 to 31 March 2021 HK\$'000	Year ended 31 December 2019 HK\$'000
	NOTES		
Turnover	3	1,186,284	362,331
Revenue:	4		
– Trading of goods		571,418	308,860
– Provision of international air and sea freight forwarding services		1,975	3,464
– Consultancy income from finance leases		2,689	8,668
– Interest income from finance leases		257	1,327
– Interest income from money lending		25,366	29,748
– Brokerage commission and dealing income		1	438
– Property brokerage commission income		45,345	9,826
– Heating and cooling supply by geothermal energy		17,994	–
– Construction contracting services fee income		438,187	–
– Heating supply and industrial steam income		29,218	–
– Project management service income		45,484	–
– Interior design service income		4,559	–
		1,182,493	362,331

* For identification purpose only

		1 January 2020 to 31 March 2021 <i>NOTES</i> HK\$'000	Year ended 31 December 2019 <i>HK\$'000</i>
Operating costs:			
– Cost of trading goods sold		(563,903)	(302,968)
– Cost of providing international air and sea freight forwarding services		(1,240)	(2,457)
– Cost of providing brokerage and dealing services		(1)	(315)
– Cost of providing property brokerage services		(17,343)	(3,962)
– Cost of heating and cooling supply by geothermal energy		(17,187)	–
– Cost of providing construction contracting services		(393,344)	–
– Cost of providing heating supply and industrial steam		(29,696)	–
		<u>(1,022,714)</u>	<u>(309,702)</u>
Other income	6	50,789	11,290
Administrative and other expenses		(85,769)	(49,014)
Staff costs		(111,318)	(51,588)
Finance costs		(36,649)	(3,806)
Unrealised loss on fair value change on investment properties		(1,026)	(16,086)
Realised gain on financial assets at fair value through profit or loss		2,326	–
Unrealised gain (loss) on fair value change on financial assets at fair value through profit or loss		9,982	(2,466)
Share of profit of associates		8,297	3,152
Share of profit of a joint venture		472	–
Loss on disposal of subsidiaries		(5,351)	–
Gain on disposal of an associate		11,409	–
Impairment loss on right-of-use assets		–	(4,127)
Impairment loss on loan and interest receivables		–	(43,466)
Impairment loss on goodwill		(23,622)	–
Loss before tax		(20,681)	(103,482)
Income tax expense	8	(15,728)	(2,614)
Loss for the period/year	7	<u>(36,409)</u>	<u>(106,096)</u>

	1 January 2020 to 31 March 2021 <i>NOTES</i>	Year ended 31 December 2019 <i>HK\$'000</i>
Other comprehensive income (expenses)		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	33,152	(10,471)
Share of other comprehensive income (expenses) of associates	66	(73)
Translation reserve released upon disposal of subsidiaries	23	–
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Fair value loss on financial assets at fair value through other comprehensive income	(2,590)	(937)
	<u>30,651</u>	<u>(11,481)</u>
Total comprehensive expenses for the period/year	<u>(5,758)</u>	<u>(117,577)</u>
Loss for the period/year attributable to:		
– owners of the Company	(42,578)	(106,067)
– non-controlling interests	6,169	(29)
	<u>(36,409)</u>	<u>(106,096)</u>
Total comprehensive expenses for the period/year attributable to:		
– owners of the Company	(17,344)	(117,548)
– non-controlling interests	11,586	(29)
	<u>(5,758)</u>	<u>(117,577)</u>
		(Restated)
Loss per share	10	
– Basic and diluted (<i>HK cents</i>)	<u>(4.19)</u>	<u>(10.43)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

		31 March 2021	31 December 2019
	NOTES	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		274,640	2,603
Right-of-use assets		11,074	24,164
Investment properties		117,582	111,477
Goodwill		148,886	64,662
Intangible asset		811	811
Interests in associates		77,901	47,329
Interests in joint ventures		1,677	–
Financial assets at fair value through profit or loss		10,679	–
Financial assets at fair value through other comprehensive income		8,640	11,230
Finance lease receivables	11	–	4,215
Loans receivables	13	17,000	105,369
Other loans receivables		3,559	73,575
Deposit for acquisition of a subsidiary		–	30,000
Regulatory deposits		205	1,705
Deferred tax assets		9,042	8,497
		681,696	485,637
Current assets			
Inventory		3,915	–
Finance lease receivables	11	15,947	15,288
Loans and interest receivables	13	393,898	316,585
Other loan and interest receivables		79,543	5,931
Trade and other receivables	12	371,181	177,181
Properties under development for sale		86,282	–
Contract assets		296,061	–
Promissory note receivable		90,000	90,000
Financial assets at fair value through profit or loss		–	1,287
Pledged bank deposit		–	58
Bank balances and cash			
– trust and segregated accounts		4,042	3,285
Bank balances and cash			
– general accounts		50,307	97,451
		1,391,176	707,066

		31 March 2021 <i>HK\$'000</i>	31 December 2019 <i>HK\$'000</i>
	<i>NOTES</i>		
Current liabilities			
Trade and other payables	14	577,436	29,561
Contract liabilities		13,540	–
Lease liabilities		6,793	23,848
Trust loans		237,299	–
Short term loans		20,170	–
Bank loan		11,865	–
Amounts due to a joint venture		119	–
Amounts due to an associate		16,631	6,521
Tax liabilities		23,928	9,750
		<u>907,781</u>	<u>69,680</u>
Net current assets		<u>483,395</u>	<u>637,386</u>
Total assets less current liabilities		<u>1,165,091</u>	<u>1,123,023</u>
Non-current liabilities			
Consideration payable		9,945	–
Lease liabilities		5,429	5,482
		<u>15,374</u>	<u>5,482</u>
NET ASSETS		<u><u>1,149,717</u></u>	<u><u>1,117,541</u></u>
Capital and Reserves			
Share capital		101,686	508,428
Share premium and reserves		998,457	609,200
		<u>1,100,143</u>	<u>1,117,628</u>
Equity attributable to owners of the Company		49,574	(87)
Non-controlling interests		<u>49,574</u>	<u>(87)</u>
TOTAL EQUITY		<u><u>1,149,717</u></u>	<u><u>1,117,541</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

Pursuant to a resolution of the Board dated 19 June 2020, the Group changed its financial year end date from 31 December to 31 March commencing from financial year of 2020/2021 for the following reasons:

- (i) the Group will be able to rationalise and more efficiently use its resources for the preparation of annual results announcement and report as a better arrangement can be achieved with its auditors and other professional parties by removing the annual audit workflow resulting from the variation in the dates of the Chinese New Year holidays and avoiding the peak season of annual reporting in the first quarter of each year; and
- (ii) the financial year from 1 April to 31 March will better coincide with the seasonal operating cycle of certain principal activities of the Group, thereby providing a more meaningful basis for shareholders and investors to understand and evaluate the Group's financial results.

The current financial statements cover a fifteen months period ended 31 March 2021 and the comparative financial statements cover a twelve months year ended 31 December 2019. The comparative amounts are therefore not entirely comparable.

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 and investment properties that are measured at fair values at the end of each reporting period.

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

In the current period, the Group has adopted 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 2020. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current period and prior years except as stated below:

Amendments to HKFRS 3 Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020. The application of the amendments had no impact on the consolidated financial statements as similar conclusion would have been reached without applying the optional concentration test. The Group has elected to apply the optional concentration test on the acquisition of Yuncheng City Wandefu Hot Power Co., Ltd.* (運城市萬得福熱力有限公司) and concluded that such acquisition does not constitute a business.

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

3. TURNOVER

Turnover arises from (i) trading on electronic appliance; (ii) gross proceeds from disposal of financial assets at fair value through profit or loss; (iii) provision of international air and sea freight forwarding services; (iv) consultancy income in respect of finance leases; (v) interest income from finance leases; (vi) interest income from money lending; (vii) brokerage commission and dealing income from securities and futures brokerage business; (viii) property brokerage commission income from property brokerage business; (ix) heating and cooling supply by geothermal energy; (x) building construction contracting service; (xi) interior design service income from building architecture and interior design business; (xii) project management service income from property development and project management business and (xiii) heating supply and industrial steam income from centralised heating business. An analysis of the Group's turnover for the period/year is as follows:

	1 January 2020 to 31 March 2021 HK\$'000	Year ended 31 December 2019 HK\$'000
Trading of goods	571,418	308,860
Gross proceeds from disposal of securities	3,791	–
Provision of international air and sea freight forwarding services	1,975	3,464
Consultancy income from finance leases	2,689	8,668
Interest income from finance leases	257	1,327
Interest income from money lending	25,366	29,748
Brokerage commission and dealing income	1	438
Property brokerage commission income	45,345	9,826
Heating and cooling supply by geothermal energy	17,994	–
Construction contracting services fee income	438,187	–
Interior design service income	4,559	–
Project management service income	45,484	–
Heating supply and industrial steam income	29,218	–
	<u>1,186,284</u>	<u>362,331</u>

4. REVENUE

	1 January 2020 to 31 March 2021 <i>HK\$'000</i>	Year ended 31 December 2019 <i>HK\$'000</i>
Revenue from contracts with customers (<i>Note</i>)	1,156,870	331,256
Revenue from other sources:		
Interest income from finance leases	257	1,327
Interest income from money lending	25,366	29,748
	<u>1,182,493</u>	<u>362,331</u>
Timing of recognition of revenue from contracts with customers:		
At a point in time	618,739	331,256
Over time	538,131	–
	<u>1,156,870</u>	<u>331,256</u>

Note:

Disaggregation of revenue from contracts with customers:

Fifteen months ended 31 March 2021

	Trading of goods <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Securities and futures brokerage <i>HK\$'000</i>	International air and sea freight forwarding <i>HK\$'000</i>	Property brokerage <i>HK\$'000</i>	Heating and cooling supply of geothermal energy <i>HK\$'000</i>	Building construction contracting <i>HK\$'000</i>	Building architecture and interior design <i>HK\$'000</i>	Property development and project management <i>HK\$'000</i>	Centralised heating <i>HK\$'000</i>	Total <i>HK\$'000</i>
Geographic Markets											
Hong Kong	-	-	1	-	-	-	-	-	-	-	1
People's Republic of China (the "PRC")	571,418	2,689	-	-	45,345	17,994	438,187	4,559	45,484	29,218	1,154,894
Singapore	-	-	-	1,268	-	-	-	-	-	-	1,268
North and South of America	-	-	-	707	-	-	-	-	-	-	707
	<u>571,418</u>	<u>2,689</u>	<u>1</u>	<u>1,975</u>	<u>45,345</u>	<u>17,994</u>	<u>438,187</u>	<u>4,559</u>	<u>45,484</u>	<u>29,218</u>	<u>1,156,870</u>
Major Products/Services											
Trading of electronic products	571,418	-	-	-	-	-	-	-	-	-	571,418
Financial services	-	2,689	1	-	-	-	-	-	-	-	2,690
International air and sea freight forwarding services	-	-	-	1,975	-	-	-	-	-	-	1,975
Property brokerage services	-	-	-	-	45,345	-	-	-	-	-	45,345
Heating and cooling supply by geothermal energy	-	-	-	-	-	17,994	-	-	-	-	17,994
Building construction contracting services	-	-	-	-	-	-	438,187	-	-	-	438,187
Interior design services	-	-	-	-	-	-	-	4,559	-	-	4,559
Project management services	-	-	-	-	-	-	-	-	45,484	-	45,484
Heating supply and industrial steam	-	-	-	-	-	-	-	-	-	29,218	29,218
	<u>571,418</u>	<u>2,689</u>	<u>1</u>	<u>1,975</u>	<u>45,345</u>	<u>17,994</u>	<u>438,187</u>	<u>4,559</u>	<u>45,484</u>	<u>29,218</u>	<u>1,156,870</u>
Timing of recognition of revenue from contracts with customers											
At a point in time	571,418	-	1	1,975	45,345	-	-	-	-	-	618,739
Over time	-	2,689	-	-	-	17,994	438,187	4,559	45,484	29,218	538,131
	<u>571,418</u>	<u>2,689</u>	<u>1</u>	<u>1,975</u>	<u>45,345</u>	<u>17,994</u>	<u>438,187</u>	<u>4,559</u>	<u>45,484</u>	<u>29,218</u>	<u>1,156,870</u>

Twelve months ended 31 December 2019

	Trading of goods <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Securities and futures brokerage <i>HK\$'000</i>	International air and sea freight forwarding <i>HK\$'000</i>	Property brokerage <i>HK\$'000</i>	Total <i>HK\$'000</i>
Geographic Markets						
Hong Kong	–	–	438	–	–	438
PRC	308,860	8,668	–	–	9,826	327,354
Singapore	–	–	–	1,529	–	1,529
North and South of America	–	–	–	1,935	–	1,935
	<u>308,860</u>	<u>8,668</u>	<u>438</u>	<u>3,464</u>	<u>9,826</u>	<u>331,256</u>
Major Products/Services						
Trading of electronic products	308,860	–	–	–	–	308,860
Financial services	–	8,668	438	–	–	9,106
International air and sea freight forwarding services	–	–	–	3,464	–	3,464
Property brokerage services	–	–	–	–	9,826	9,826
	<u>308,860</u>	<u>8,668</u>	<u>438</u>	<u>3,464</u>	<u>9,826</u>	<u>331,256</u>
Timing of recognition of revenue from contracts with customers						
At a point in time	<u>308,860</u>	<u>8,668</u>	<u>438</u>	<u>3,464</u>	<u>9,826</u>	<u>331,256</u>

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.

Securities and futures 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.

Property brokerage

Commission income on dealing in property agency contract is recognised when the services are rendered, the amount for which can be reliably estimated and it is probable that the income will be received. The customers pay the commission income to the Group upon the sales of property is completed.

Heating and cooling supply by geothermal energy

Income from heating and cooling supply by geothermal energy is recognised when the services are rendered. The customers pay the fee according to the heating and cooling supply actually consumed.

Building construction contracting

The Group provides construction contracting services to the customers. When the progress towards complete satisfaction of the performance obligations of a construction contract can be measured reasonably, revenue from the contract and the contract costs are recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total contract costs for the contract. This method provides the most reliable estimate of the percentage of completion.

When the progress towards complete satisfaction of the performance obligations of a construction contract cannot be measured reasonably, revenue is recognised only to the extent of contract costs incurred that is expected to be recoverable.

The customers pay the contract prices to the Group according to the payment schedules as stipulated in the contracts. If the service rendered by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the service rendered, a contract liability is recognised.

Building architecture and interior design

Building architecture and interior design services income is recognised when the services are rendered, the amount for which can be reliably estimated and it is probable that the income will be received. The customers pay the service income to the Group according to the payment schedules as stipulated in the contracts.

Property development and project management

Revenue from the Group's property development and project management business derived from entrusted construction agreements and management services. Project management service income is recognised when the services are rendered, the amount for which can be reliably estimated and it is probable that the income will be received. The customers pay the service income to the Group according to the payment schedules as stipulated in the contracts.

Centralised heating

Heating supply and industrial steam income is recognised when the services are rendered. The customers pay the fee according to the heating and industrial steam actually consumed.

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 electronic appliance in the PRC;
- (b) Finance leasing segment engages in finance leasing of plant and machinery as well as providing consultancy services with respect of finance leasing in the PRC;
- (c) Money lending segment engages in money lending in Hong Kong;
- (d) Securities and futures 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;
- (f) Securities trading segment engages in trading of equity securities and dividend income from held for trading investments in Hong Kong;
- (g) Property investment segment engages in investments of properties for rental income and capital appreciation in the PRC;
- (h) Building architecture and interior design segment engages in provision of building architecture and interior design services in the PRC;
- (i) Property brokerage segment engages in provision of property agency service in the PRC;
- (j) Property development and project management segment engages in entrusted construction and projects management services in the PRC;
- (k) Geothermal energy segment engages in provision of heating and cooling supply by geothermal energy to buildings in the PRC;
- (l) Building construction contracting segment engages in provision of building construction contracting service on project basis in the PRC; and
- (m) Centralised heating segment engages in the business of using coal-fired boilers to provide centralised heating, including industrial steam, through centralised pipe networks in the PRC.

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

For the fifteen months ended 31 March 2021

	Trading of goods <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Securities and futures brokerage <i>HK\$'000</i>	International air and sea freight forwarding <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Building architecture and interior design <i>HK\$'000</i>	Property brokerage <i>HK\$'000</i>	Property development and project management <i>HK\$'000</i>	Geothermal energy <i>HK\$'000</i>	Building construction contracting <i>HK\$'000</i>	Centralised heating <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover	571,418	2,946	25,366	1	1,975	3,791	–	4,559	45,345	45,484	17,994	438,187	29,218	1,186,284
Revenue from external customers	571,418	2,946	25,366	1	1,975	–	–	4,559	45,345	45,484	17,994	438,187	29,218	1,182,493
Reportable segment profit/(loss)	(9,932)	(4,768)	16,926	(21,060)	(1,014)	2,326	(1,901)	(8,113)	19,762	(9,322)	(8,280)	31,624	(3,990)	2,258
Share of profit of associates														8,297
Share of profit of a joint venture														472
Gain on disposal of an associate														11,409
Loss on disposal of subsidiaries														(5,351)
Unallocated corporate income														17,917
Unallocated corporate expenses														(55,683)
Loss before tax														(20,681)

Year ended 31 December 2019

	Trading of goods <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Securities and futures brokerage <i>HK\$'000</i>	International air and sea freight forwarding <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Building architecture and interior design <i>HK\$'000</i>	Property brokerage <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover	308,860	9,995	29,748	438	3,464	–	–	–	9,826	362,331
Revenue from external customers	308,860	9,995	29,748	438	3,464	–	–	–	9,826	362,331
Reportable Segment profit/(loss)	(5,646)	(1,821)	(22,233)	(10,573)	(820)	(1,716)	(16,747)	(11,009)	3,010	(67,555)
Share of profit of associates										3,152
Unallocated corporate income										11,290
Unallocated corporate expenses										(50,369)
Loss before tax										(103,482)

Segment results represent the (loss from) profit earned by each segment without allocation of central administration costs, Directors' emoluments, depreciation of certain property, plant and equipment and right-of-use assets, unrealised gain on fair value change on financial assets at fair value through profit or loss, share of profit of associates, share of profit of a joint venture, loss on disposal of subsidiaries, gain on disposal of an associate, net foreign exchange loss, gain on disposal of property, plant and equipment, gain on lease modification, interest expense on certain lease liabilities and trust loans, interest expense on short term loans, interest expenses on consideration payables, interest income from promissory note receivable, interest income from other loan receivables, 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

	1 January 2020 to 31 March 2021 HK\$'000	Year ended 31 December 2019 HK\$'000
Interest income from		
– bank	419	160
– other loans receivables	8,303	5,700
– promissory note receivable	6,746	5,400
Government grant (<i>Note</i>)	32,466	2
Sundry income	905	28
Reversal of impairment loss on finance lease receivable	1,624	–
Gain on lease modification	26	–
Gain on disposal of property, plant and equipment	300	–
	<u>50,789</u>	<u>11,290</u>

Note: During the fifteen months ended 31 March 2021, the government grants received by the Group included:

- (i) a government grant from Singapore of approximately HK\$180,000 (year ended 31 December 2019: HK\$2,000) in relation to the job credit scheme in Singapore on the condition that the Group has made CPF contributions in Singapore. The government grant has been recognised in the same periods in which the expenses were recognised;
- (ii) a government grant from Hong Kong of approximately HK\$1,822,000 (year ended 31 December 2019: HK\$Nil) in relation to the tranche of Employment Support scheme in Hong Kong; and
- (iii) a government grant from the PRC of approximately HK\$30,464,000 (year ended 31 December 2019: HK\$Nil) mainly in relation to the subsidies on heating supply services provided by geothermal energy segment and centralised heating segment without condition.

7. LOSS FOR THE PERIOD/YEAR

The Group's loss for the period/year is stated after charging the following:

	1 January 2020 to 31 March 2021 HK\$'000	Year ended 31 December 2019 HK\$'000
Finance costs		
Interest expense on lease liabilities (<i>Note</i>)	3,385	3,806
Interest expense on bank loan	134	–
Interest expenses on short-term loans	458	–
Interest expense on trust loans	30,327	–
Interest expense on consideration payable	2,345	–
	<u>36,649</u>	<u>3,806</u>
Staff costs		
– Directors' emoluments	11,696	8,825
– other staff costs	90,429	39,218
– retirement benefits scheme contributions (excluding those for Directors)	9,193	3,545
	<u>111,318</u>	<u>51,588</u>
Other items		
Auditor's remuneration	1,300	1,075
Depreciation of property, plant and equipment	11,325	3,113
Depreciation of right-of-use assets	24,811	19,023
Write-off of property, plant and equipment	–	33
Loss on disposal of property, plant and equipment	–	8
Net foreign exchange loss	9	136
Cost of inventories recognised as expenses	563,903	302,968
	<u>563,903</u>	<u>302,968</u>

Note: At 31 March 2021, the average effective borrowing rate ranged from 8% to 12% (31 December 2019: 8%).

8. INCOME TAX EXPENSE

	1 January 2020 to 31 March 2021 <i>HK\$'000</i>	Year ended 31 December 2019 <i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax	<u>15,376</u>	<u>2,203</u>
Under/(over) provision in prior years:		
Hong Kong Profits Tax	–	(50)
PRC Enterprise Income Tax	<u>352</u>	<u>461</u>
	<u>352</u>	<u>411</u>
	<u>15,728</u>	<u>2,614</u>

Hong Kong Profits Tax has not been provided for the fifteen months ended 31 March 2021 and year ended 31 December 2019 as the loss for the taxation purpose is estimated during both periods.

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%.

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 fifteen months ended 31 March 2021 and year ended 31 December 2019.

9. DIVIDEND

No dividend was paid or proposed during the fifteen months ended 31 March 2021, nor has any dividend been proposed since the end of the reporting period (year ended 31 December 2019: nil).

10. LOSS PER SHARE

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

	1 January 2020 to 31 March 2021 <i>HK\$'000</i>	Year ended 31 December 2019 <i>HK\$'000</i>
Loss		
Loss for the purpose of basic and diluted loss per share (Loss for the period/year attributable to owners of the Company)	<u><u>(42,578)</u></u>	<u><u>(106,067)</u></u>
	1 January 2020 to 31 March 2021 <i>'000</i>	Year ended 31 December 2019 (restated) <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><u>1,016,857</u></u>	<u><u>1,016,857</u></u>

By passing a special resolution at the special general meeting of the Company held on 31 August 2020, every five ordinary shares in the issued share capital of the Company were consolidated into one consolidated ordinary share in the issued 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 loss per share for the year ended 31 December 2019 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.

	31 March 2021 HK\$'000	31 December 2019 HK\$'000
Finance lease receivables	50,935	53,965
Less: allowance for impairment of finance lease receivables	(34,988)	(34,462)
Finance lease receivables, net	<u>15,947</u>	<u>19,503</u>
Analysed for reporting purposes as:		
– Non-current assets	–	4,215
– Current assets	<u>15,947</u>	<u>15,288</u>
	<u>15,947</u>	<u>19,503</u>

	Minimum lease payments		Present value of minimum lease payments	
	31 March 2021 HK\$'000	31 December 2019 HK\$'000	31 March 2021 HK\$'000	31 December 2019 HK\$'000
Finance lease receivables comprise:				
Within one year	15,947	15,360	15,947	15,288
After one year but within two years	–	4,215	–	4,215
	15,947	19,575	15,947	19,503
Less: unearned interest income	–	(72)	–	–
Present value of minimum lease payment receivables	<u>15,947</u>	<u>19,503</u>	<u>15,947</u>	<u>19,503</u>

Effective interest rates of the above finance leases is 6% (year ended 31 December 2019: 6% to 8%) per annum.

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

As at 31 March 2021, finance lease receivables before allowance for impairment of approximately RMB39,448,000, equivalent to approximately HK\$46,805,000 (31 December 2019: approximately RMB40,372,000, equivalent to approximately HK\$45,006,000) was past due. Included in the carrying amount of the above finance lease receivables as at 31 March 2021 are two individually impaired receivables of approximately RMB29,489,000, equivalent to approximately HK\$34,988,000 (31 December 2019: approximately RMB30,913,000, equivalent to approximately HK\$34,462,000) 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 RMB9,959,000 (equivalent to approximately HK\$11,817,000), partial settlements were received and the Group is still negotiating practicable repayment terms and schedules subsequent to the end of the reporting period. 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 March 2021, the age of the finance lease receivables was over three years (31 December 2019: within three years) based on the effective dates of the relevant lease contracts.

12. TRADE AND OTHER RECEIVABLES

	31 March 2021 HK\$'000	31 December 2019 HK\$'000
Trade receivables arising from trading business	174,798	152,947
Trade receivables arising from the securities and futures brokerage business	227	3,111
Trade receivables arising from finance leasing business	2,314	502
Trade receivable arising from geothermal energy business	237	–
Trade receivable arising from building construction contracting business	12,426	–
Trade receivable arising from centralised heating business	858	–
Trade receivable arising from property development and project management business	13,158	–
Trade receivable arising from building architecture and interior design business	1,221	–
Trade receivable arising from property brokerage business	20,190	–
Trade receivables arising from international air and sea freight forwarding business	1,548	1,709
Less: allowance for impairment	(1,453)	(1,454)
	95	255
Prepayments	37,500	2,530
Value-added tax recoverable	12,558	–
Deposits and other receivables	95,599	17,836
	371,181	177,181

The Group allows an average credit period normally ranging from 30 days to 180 days (31 December 2019: 30 days to 180 days) to its customers. The following is an aged analysis of trade receivables (net of allowance for doubtful debt) presented based on the invoice date or the payment date as stated in the respective contracts at the end of the reporting period, which approximates the respective revenue recognition date.

	Trading business HK\$'000	Finance leasing business HK\$'000	International air and sea freight forwarding business HK\$'000	Geothermal energy business HK\$'000	Building construction contracting business HK\$'000	Centralised heating business HK\$'000	Property development and project management business HK\$'000	Building architecture and interior design business HK\$'000	Property brokerage business HK\$'000
31 March 2021:									
Within 30 days	–	198	51	–	4,969	–	10,904	677	–
31-60 days	–	198	16	12	7,457	679	1,127	–	–
61-90 days	44,074	198	16	–	–	179	1,127	–	20,190
Over 90 days	130,724	1,720	12	225	–	–	–	544	–
	<u>174,798</u>	<u>2,314</u>	<u>95</u>	<u>237</u>	<u>12,426</u>	<u>858</u>	<u>13,158</u>	<u>1,221</u>	<u>20,190</u>

	Trading business HK\$'000	Finance leasing business HK\$'000	International air and sea freight forwarding business HK\$'000
31 December 2019:			
Within 30 days	152,947	–	152
31-60 days	–	–	62
61-90 days	–	–	20
Over 90 days	–	502	21
	<u>152,947</u>	<u>502</u>	<u>255</u>

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\$133,225,000 (31 December 2019: HK\$523,000) 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\$130,724,000 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:

	31 March 2021 HK\$'000	31 December 2019 HK\$'000
Over 90 days	<u>133,225</u>	<u>523</u>

Trade receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on the past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balance are still considered fully recoverable.

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

13. LOANS AND INTEREST RECEIVABLES

	31 March 2021 HK\$'000	31 December 2019 HK\$'000
Loans receivables:		
Secured	40,000	40,000
Unsecured	<u>372,215</u>	<u>393,905</u>
	412,215	433,905
Interest receivables	42,149	31,515
Less: allowance for impairment of loan and interest receivables	<u>(43,466)</u>	<u>(43,466)</u>
Loans and interest receivables, net	<u><u>410,898</u></u>	<u><u>421,954</u></u>
Analysed for reporting purposes as:		
– Non-current assets	17,000	105,369
– Current assets	<u>393,898</u>	<u>316,585</u>
	<u><u>410,898</u></u>	<u><u>421,954</u></u>

As at 31 March 2021, secured loans before allowance for impairment of HK\$40,000,000 (31 December 2019: HK\$40,000,000) were secured by assets charges provided by borrowers. The Group does not hold any collateral over the unsecured loans. The remaining loans amount before allowance for impairment of approximately HK\$372,215,000 (31 December 2019: approximately HK\$393,905,000) represents unsecured loans certain of which are accompanied by personal or corporate guarantee. The loans advanced to the borrowers under the Group's money lending business normally had loan periods from 6 to 54 months (31 December 2019: 5 to 54 months). The loans provided to borrowers bore interest rate ranging from 8% – 15% per annum (31 December 2019: 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 (net of allowance for impairment), presented based on the dates which loans are granted to borrowers and interests are accrued.

	31 March 2021 HK\$'000	31 December 2019 HK\$'000
Within 90 days	4,721	8,995
91 – 180 days	2,831	60,429
181 – 365 days	27,112	71,077
Over 365 days	376,234	281,453
	<u>410,898</u>	<u>421,954</u>

As at 31 March 2021, loans and interest receivables before allowance for impairment of approximately HK\$322,986,000 (31 December 2019: approximately HK\$224,138,000) were past due. Included in the carrying amount of the above loans and interest receivables as at 31 March 2021 is an individually impaired receivables of approximately HK\$43,466,000 (31 December 2019: HK\$43,466,000) which impairment was made due to borrower's default in payment. Subsequent to the end of the reporting period, approximately HK\$8,434,000 were settled. The remaining past due amount of approximately HK\$271,086,000 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 further impairment loss is necessary. Saved for the aforesaid secured loans, the Group does not hold collateral over other balances.

14. TRADE AND OTHER PAYABLES

	31 March 2021 HK\$'000	31 December 2019 HK\$'000
Trade payables arising from the securities and futures brokerage business	4,269	6,397
Trade payables arising from international air and sea freight forwarding business	705	720
Trade payables arising from property brokerage business	3,018	1,048
Trade payables arising from geothermal energy business	43,206	–
Trade payables arising from centralised heating business	15,232	–
Trade payables arising from building construction contracting business	227,615	–
Earnest money from finance lease receivables	1,898	3,344
Value-added tax payable	–	1,157
Accrued charges	19,065	12,623
Consideration payables	137,728	–
Advance from subcontractor	80,678	–
Trust loans interest payable	4,027	–
Other payables	39,995	4,272
	<u>577,436</u>	<u>29,561</u>

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.

For trade payables arising from property brokerage business, no aging analysis is disclosed as the Group is yet to receive invoices at the end of the reporting period. The payables is accrued based on the monthly statements agreed with the respective agents. According to the relevant agency contracts, the invoices will be billed in the following month and the settlement terms is within 3 business days from the invoices date.

The average credit period on international air and sea freight forwarding services is normally ranging from 30 days to 90 days (31 December 2019: 30 days to 90 days). For trade payables arising from geothermal energy business, centralised heating business and building construction contracting business, they are mainly accrued and settled based on the progress of performance and the settlement obligation as stipulated in the respective contracts. 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 business, geothermal energy business, centralised heating business and building construction contracting business presented based on the invoice date and/or the settlement obligation as stipulated in the respective contracts at the end of the reporting period:

	International air and sea freight forwarding business HK\$'000	Geothermal energy business HK\$'000	Centralised heating business HK\$'000	Building construction contracting business HK\$'000
At 31 March 2021				
Within 30 days	85	–	9,503	223,236
31-60 days	–	–	274	81
61-90 days	–	–	5,056	1,980
Over 90 days	620	43,206	399	2,318
	<u>705</u>	<u>43,206</u>	<u>15,232</u>	<u>227,615</u>
At 31 December 2019				International air and sea freight forwarding business HK\$'000
Within 30 days				94
31-60 days				1
61-90 days				3
Over 90 days				622
				<u>720</u>

15. EVENTS AFTER THE REPORTING PERIOD

- (i) On 11 May 2021, the Company proposed to implement the rights issue on the basis of one (1) rights share for every two (2) existing shares held on 16 June 2021 at the subscription price of HK\$0.2 per rights share, to raise up to approximately HK\$101.7 million by issuing up to 508,428,313 rights shares to the qualifying shareholders of the Company.
- (ii) On 18 June 2021, the Group entered into a fourth supplemental deed in relation to the promissory note of principal amount of HK\$90 million held by the Group, whereby (i) the parties agreed to further extend the maturity date of the promissory note by one (1) year, from 20 March 2021 to 20 March 2022; and (ii) the issuer of the promissory note settled the outstanding interest payable under the promissory note, in the amount of HK\$5,400,000, before 20 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

	For the fifteen months ended 31.3.2021 <i>HK\$'M</i>	For the year ended 31.12.2019 <i>HK\$'M</i>
Financial Results Highlight		
Turnover	1,186.3	362.3
Total operating costs	1,022.7	309.7
Total expenses	(233.7)	(104.4)
Net loss before tax and non-controlling interests	(20.7)	(103.5)
Loss for the period/year attributable to owners of the Company	(42.6)	(106.1)

	As at 31.3.2021 <i>HK\$'M</i>	31.12.2019 <i>HK\$'M</i>
Extract of Financial Position		
Total assets	2,072.9	1,192.7
Total liabilities	(923.2)	(75.2)
Net current assets	483.4	637.4
Bank balances and cash	50.3	97.5
Net assets	1,149.7	1,117.5

OVERVIEW

For the fifteen months ended 31 March 2021, the Group's turnover was approximately HK\$1,186.3 million, representing an increase of 227.4% as compared with approximately HK\$362.3 million for the twelve months ended 31 December 2019. The net loss for the fifteen months ended 31 March 2021 was approximately HK\$36.4 million as compared with approximately HK\$106.1 million for the twelve months ended 31 December 2019. The decrease in loss was mainly attributable to, among other thing, (i) the decrease in impairment loss and fair value loss on the Group's assets by approximately HK\$51.5 million in aggregate, (ii) the increase in government grants by approximately HK\$32.5 million mainly in relation to the Group's geothermal energy and centralised heating businesses, and (iii) income growth from the expanded business activities, in particular from the Group's real-estate related businesses, which nevertheless was neutralised by the increase in the Group's operation costs.

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 principal focus of the Group's finance leasing business is to provide an alternative way of financing to corporate clients in the PRC via a sale and lease-back arrangement of tangible assets, like plant and machinery, as well as to render consultancy services with respect of finance leasing. For the fifteen months ended 31 March 2021, the turnover of the Group's finance leasing business amounted to approximately HK\$2.9 million (year ended 31 December 2019: approximately HK\$10.0 million) whereas segment loss of approximately HK\$4.8 million was incurred (year ended 31 December 2019: approximately HK\$1.8 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 fifteen months ended 31 March 2021, the turnover of the Group's money lending business amounted to approximately HK\$25.4 million (year ended 31 December 2019: approximately HK\$29.7 million). Corresponding segment profit of approximately HK\$16.9 million was made for the current period (year ended 31 December 2019: segment loss of approximately HK\$22.2 million, including the impairment loss on loan and interest receivables of approximately HK\$43.5 million due to borrower's default in payment).

Securities and Futures Brokerage Business

The Group has been providing brokerage services for securities and futures traded on exchanges in Hong Kong and major overseas countries since August 2017. For the fifteen months ended 31 March 2021, the turnover of the Group's securities and futures brokerage business amounted to approximately HK\$1,000 (year ended 31 December 2019: approximately HK\$0.4 million). Considering this segment's past performance and the current conditions, in particular uncertainties in the financial market, an impairment loss on goodwill of HK\$13.0 million was recognised in the fifteen months ended 31 March 2021 with the reference to the valuation result conducted by independent professional valuers. Corresponding segment loss of approximately HK\$21.1 million, including the impairment loss on goodwill, was incurred for the current period (year ended 31 December 2019: approximately HK\$10.6 million).

Trading Business

With the established distribution channels and upstream suppliers network in niche market of electronics, the trading of goods business mainly focuses on trading of semi-finished electronic components produced in mainland China and Taiwan which are equippable to mobile electronic appliances and laptops computers. For the fifteen months ended 31 March 2021, the turnover of the Group's trading business amounted to approximately HK\$571.4 million (year ended 31 December 2019: approximately HK\$308.9 million) whereas the gross profit was approximately HK\$7.5 million (year ended 31 December 2019: approximately HK\$5.9 million). The Group recorded a loss of approximately HK\$9.9 million (year ended 31 December 2019: approximately HK\$5.6 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 fifteen months ended 31 March 2021, the turnover of the Group's securities investment business amounted to approximately HK\$3.8 million (year ended 31 December 2019: nil). During the fifteen months ended 31 March 2021, the Group recorded a realised gain on the listed securities of approximately HK\$2.3 million (year ended 31 December 2019: recorded an unrealised fair value loss of approximately HK\$1.7 million). For the fifteen months ended 31 March 2021, the Group did not receive any dividend income (year ended 31 December 2019: nil). As at 31 March 2021, the Group did not hold any trading securities (31 December 2019: approximately HK\$1.3 million).

Freight Forwarding Business

The freight forwarding business of the Group provides international air and sea freight forwarding and logistic services to local customers in Singapore and the United States of America which consist of small and medium trading companies and forwarders. For the fifteen months ended 31 March 2021, the turnover of the Group's freight forwarding business amounted to approximately HK\$2.0 million (year ended 31 December 2019: approximately HK\$3.5 million). Corresponding gross profit of approximately HK\$0.7 million and segment loss of approximately HK\$1.0 million were made for the current period respectively (year ended 31 December 2019: gross profit of approximately HK\$1.0 million and segment loss of approximately HK\$0.8 million).

Property Investment Business

The Group acquired a group of companies which mainly hold the investment properties in the PRC for rental income and capital appreciation since January 2019. For the fifteen months ended 31 March 2021, certain interior fitting out works originally planned to improve properties' multi-usages have been suspended for the outbreak of the COVID-19 pandemic. As the leasing arrangement is yet to be crystallised, such investment properties did not generate any rental income for the fifteen months ended 31 March 2021 (year ended 31 December 2019: nil). As at 31 March 2021, the fair value of the investment properties was approximately HK\$117.6 million after deduction of unrealised fair value loss of approximately HK\$1.0 million with reference to the valuation result conducted by independent professional valuers (31 December 2019: approximately HK\$111.5 million).

Property Brokerage Business

The Group has been engaged in provision of residential and commercial property brokerage services in the PRC since June 2019. Currently, the major places of business activities are in Xi'an, Shaanxi Province and Xiangshan City, Zhejiang Province of the PRC. For the fifteen months ended 31 March 2021, the turnover of the Group's property brokerage business amounted to approximately HK\$45.3 million (year ended 31 December 2019: HK\$9.8 million) and the gross profit was approximately HK\$28.0 million (year ended 31 December 2019: HK\$5.9 million). Corresponding profit of approximately HK\$19.8 million was made in this segment (year ended 31 December 2019: HK\$3.0 million).

Building Architecture and Interior Design Business

The Group has been engaged in provision of building architecture and interior design services in the PRC since June 2019. For the fifteen months ended 31 March 2021, the turnover of the Group's building architecture and interior design business amounted to approximately HK\$4.6 million (year ended 31 December 2019: nil). Segment loss of approximately HK\$8.1 million was incurred during the current period (year ended 31 December 2019: HK\$11.0 million).

Property Development and Project Management Business

The Group acquired a company on 2 March 2020 which is principally engaged in property development in the PRC and holds land use rights of a land parcel at Haiyong Road, Haiyong Country, Haimen City, Jiangsu Province, with a total site area of 47,519 square meters and for commercial use. The Group is planning to develop properties for sale on such land parcel. For the fifteen months ended 31 March 2021, the properties were still under the development process and hence no turnover of the Group's property development business was generated. The costs incurred in the course of properties development have been capitalised and the capitalisation will go on until the properties are developed and sold. As at 31 March 2021, the amount of properties under development for sale was approximately HK\$86.3 million. The Group has commenced to provide project management services in the PRC since July 2020. For the fifteen months ended 31 March 2021, the turnover of the Group's project management business amounted to approximately HK\$45.5 million. Segment loss of approximately HK\$9.3 million was incurred in this segment.

Geothermal Energy Business

The Group acquired a group of companies, which are principally engaged in developing and utilising geothermal energy in provision of heating and cooling supply to various buildings located in residential areas in the PRC, on 24 March 2020. Currently, the major places of business activities are in Xi'an, Shaanxi Province and Henan Province of the PRC. For the fifteen months ended 31 March 2021, the turnover of the Group's geothermal energy business amounted to approximately HK\$18.0 million and the gross profit was approximately HK\$0.8 million. Corresponding segment loss of approximately HK\$8.3 million, including the impairment loss on goodwill of approximately HK\$10.6 million due to lower recoverable amount than carrying amount in a non-wholly owned subsidiary, was incurred in this segment.

Building Construction Contracting Business

The Group acquired a company, which is principally engaged in building construction contracting on project basis in the PRC, on 25 May 2020. For the fifteen months ended 31 March 2021, the turnover of the Group's building construction contracting business amounted to approximately HK\$438.2 million and the gross profit of approximately HK\$44.8 million was made. Corresponding profit of approximately HK\$31.6 million was achieved in this segment.

Centralised Heating Business

The Group started the centralised heating business after becoming the reorganisation investor of a company, which is principally engaged in the business of providing the heat and steam supply services in the licensed area of Yuncheng, Shanxi through centralised pipe networks, on 8 September 2020. The Group was further granted an exclusive license for the provision of centralised heating service in Yuncheng City for 30 years from 1 January 2021. For the fifteen months ended 31 March 2021, the turnover of the Group's centralised heating business amounted to approximately HK\$29.2 million and the gross loss of approximately HK\$0.5 million was incurred. The Group recorded a loss of approximately HK\$4.0 million in this segment.

OUTLOOK

In past year, the outbreak of the novel coronavirus (COVID-19) pandemic together with subsequent lockdown measures had a profound impact on the global economy. As a result of anti-epidemic and epidemic prevention actions, the COVID-19 pandemic has been comparatively under control in the mainland China and Hong Kong, both of which are principal business places of the Group. With strong rebound of the economy of the mainland China and improved market sentiment in Hong Kong, the negative impact on the Group's business has been mitigated.

In order to increase the profitability of the Group and enhance its sustainability, the Group has continuously improved its real estate-related business layout while developing its existing main businesses. The Group is reviewing and considering its existing resources, including the experience, expertise and social network of the directors and management of the Company, with the aim of further expanding the current principal businesses and exploring possible inter-segment development and collaboration. Leveraging the synergy effect and solid client base, the Group has commenced property project management business in the second half of 2020 and demonstrated the ability to provide one-stop solution for property development project as well as to suit with various customer needs.

For the finance leasing business, money lending business, securities and futures brokerage business and securities investment business (collectively, the “Financial Businesses”), the Group has adopted a more conservative approach under the highly competitive business environment and volatile financial market. The management of the Group decided not to inject significant funds in the Financial Businesses in order to limit the risk exposure at current stage. However, on the other hand, the Group is seeking for inter-segment collaboration between its Financial Businesses and other real estate-related businesses, by means of provision of fund raising and management service for property developers in the PRC.

Looking forward, the Group will endeavour to strengthen its client base and diversify its products and services mix among different business segments. The Group firmly believes that challenges and opportunities coexist in the current situation. The Group will adopt prudent measures to control operating risks and continue to expand its businesses by exploring new opportunities

LIQUIDITY AND CASHFLOW RESOURCES

As at 31 March 2021, the equity and net current assets of the Group amounted to approximately HK\$1,149.7 million (31 December 2019: approximately HK\$1,117.5 million) and HK\$483.4 million (31 December 2019: approximately HK\$637.4 million) respectively. On the same date, the Group had bank balances and cash of approximately HK\$50.3 million (31 December 2019: approximately HK\$97.5 million) and the current ratio was 1.53 (31 December 2019: 10.15). As at 31 March 2021, the Group had (i) secured trust loans of approximately HK\$237.3 million bearing fixed interest rate at 12% per annum and to be repaid in March 2022, (ii) secured bank loan of approximately HK\$11.9 million bearing fixed interest rate at 5.8% per annum and to be repaid in January 2022, (iii) unsecured short-term loans from an independent lender of approximately HK\$20.2 million bearing fixed interest rate at 16.8% per annum and to be repaid in February and March 2022, (iv) interest-free and unsecured loan from a joint venture of approximately HK\$0.1 million to be repaid in December 2021, (v) interest-free and unsecured advance payment from an associate of approximately HK\$16.6 million to be repaid on demand and (vi) interest-free and unsecured advance payment from subcontractor of approximately HK\$80.7 million to be repaid on demand (31 December 2019: no interest bearing borrowing but an interest-free and unsecured advance payment from an associate of approximately HK\$6.5 million to be repaid on demand).

As at 31 March 2021, the gearing ratio of the Group was approximately 0.18 (31 December 2019: approximately 0.01). The gearing ratio is measured on the basis of the total amount of interest bearing and interest free borrowings/advance payments over the amount of total assets. As at 31 March 2021, the total amount of interest bearing and interest free borrowings/advance payments and the amount of total asset of the Group amounted to approximately HK\$366.8 million (31 December 2019: only interest free borrowings of approximately HK\$6.5 million) and HK\$2,072.9 million (31 December 2019: approximately HK\$1,192.7 million) respectively.

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 March 2021 and 31 December 2019, none of the Group's securities was pledged to brokers to secure the margin loan. As at 31 March 2021, the properties under development for sale in an amount of approximately HK\$86.3 million (including the land use rights of approximately HK\$27.2 million) was pledged to an independent lender to secure the trust loans borrowed to the Group (31 December 2019: nil).

CONTINGENT LIABILITIES

As at 31 March 2021 and 31 December 2019, the Group had no material contingent liabilities.

CAPITAL EXPENDITURE

During the fifteen months ended 31 March 2021, the Group incurred approximately HK\$41.7 million (year ended 31 December 2019: approximately HK\$0.1 million) as capital expenditure mainly in respect of plant and equipment situated in the PRC.

CAPITAL COMMITMENTS

As at 31 March 2021, the Group had no material capital commitment (31 December 2019: capital commitment of HK\$70.0 million in relation to the acquisition of subsidiaries).

SIGNIFICANT INVESTMENTS HELD

As at 31 March 2021, the Group held financial assets at fair value through other comprehensive income of approximately HK\$8.6 million (31 December 2019: approximately HK\$11.2 million) which represented unlisted equity securities in Hong Kong. No financial assets at fair value through profit or loss in relation to equity securities was held as at 31 March 2021 while there was approximately HK\$1.3 million held as at 31 December 2019 which represented listed securities held for trading in Hong Kong as follow:

Company Name/Stock Code	Number of shares held (‘000)		% of shareholding (%)		Realised gain (HK\$’000) For the fifteen months ended	Fair value (HK\$’000)		% of Net Assets (%)		Dividend received (HK\$’000)		Total investment cost (HK\$’000)
	As at 31.3.2021	As at 31.12.2019	As at 31.3.2021	As at 31.12.2019		As at 31.3.2021	As at 31.12.2019	As at 31.3.2021	As at 31.12.2019	For the fifteen months ended 31.3.2021	For the year ended 31.12.2019	As at 31.3.2021
Elegance Optical International Holdings Limited (907) (“EOIH”)	-	7,800	-	2%	2,326	-	1,287	-	0.12	-	-	-

During the fifteen months ended 31 March 2021, the Group recorded (i) a realised gain of approximately HK\$2.3 million from selling listed securities, and (ii) fair value loss of approximately HK\$2.6 million on securities investments that are not held for trading in other comprehensive income.

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 (if any) from time to time.

As at 31 March 2021, the Company did not hold any significant investments in an investee company with a value of 5% or more of the Company’s total assets.

MATERIAL ACQUISITION AND DISPOSAL

- (i) On 18 December 2019, Esteem Sun Limited, a wholly owned subsidiary of the Company, entered into share transfer agreement with independent third parties to acquire the entire issued share capital of Total Fame Holdings Limited at a consideration of HK\$70 million. Total Fame Holdings Limited, through one of its subsidiaries, is principally engaged in the business of projects construction contracting on project basis in the PRC. The acquisition was completed on 25 May 2020 and Total Fame Holdings Limited and its subsidiaries have become the subsidiaries of the Company since then. Further details are set out in the Company's announcements dated 18 December 2019, 23 January 2020, 24 February 2020, 2 March 2020, 27 March 2020, 15 April 2020, 25 May 2020 respectively and a circular dated 31 March 2020.
- (ii) On 14 January 2020, Shenzhen Guohua Construction Industrial Co., Ltd.* (深圳國華建業實業有限公司) ("Shenzhen Guohua"), a wholly owned subsidiary of the Company, and Ningbo Sixing Information Technology Co., Ltd.* (寧波思行信息科技有限公司) ("Ningbo Sixing"), an independent third party, entered into the equity transfer agreement pursuant to which Shenzhen Guohua conditionally agreed to acquire, and Ningbo Sixing conditionally agreed to sell, 100% equity interest in Jiangsu Meili Kongjian Construction Design Development Co., Ltd.* (江蘇美麗空間建築設計產業發展有限公司) ("Jiangsu Meili Kongjian") at an aggregate consideration of RMB41 million. Jiangsu Meili Kongjian is principally engaged in property development in the PRC and holds land use rights of a land parcel. The acquisition was completed on 2 March 2020 and Jiangsu Meili Kongjian has become the subsidiary of the Company since then. Further details are set out in the Company's announcement dated 14 January 2020.
- (iii) On 18 February 2020, Guohua Jiaye (Beijing) Enterprises Management Co., Ltd.* (國華佳業(北京)企業管理有限公司) ("Guohua Jiaye"), a wholly owned subsidiary of the Company, and Qingdao Maojie Enterprise Management Partnership (LLP)* (青島茂捷企業管理合夥企業(有限合夥)) and Ms. Li Jing* (李靜) (collectively as the "Independent Third Parties Vendors"), among others, entered into the equity transfer agreement pursuant to which Guohua Jiaye conditionally agreed to acquire, and the Independent Third Parties Vendors conditionally agreed to sell, the entire equity interest in Beijing Yuehai Enterprise Management Co., Ltd.* (北京岳海企業管理有限公司) ("Beijing Yuehai"), at a consideration of RMB110 million. Beijing Yuehai, through its subsidiaries, is principally engaged in the developing and utilising geothermal energy in provision of heating and cooling supply to various buildings located in residential areas in the PRC. The acquisition was completed on 24 March 2020 and Beijing Yuehai and its subsidiaries have become the subsidiaries of the Company since then. Further details are set out in the Company's announcements dated 18 February 2020 and 24 March 2020.

- (iv) In June 2020, Baoshihua Geothermal Energy Development Co., Ltd.* (寶石花地熱能開發有限公司)(“Baoshihua Geothermal Energy”), a non-wholly owned subsidiary of the Company, entered into the equity transfer agreement with an independent third party to dispose 60% equity interest in Baoshihua Huabei Geothermal Energy Development Co., Ltd.* (寶石花華北地熱能開發有限公司)(“Baoshihua Huabei”) at a consideration of approximately RMB16 million. The disposal was completed on 18 June 2020 and the Group ceased to hold any interest in Baoshihua Huabei and its subsidiary since then.
- (v) On 8 September 2020, Huaihua Qinneng Technology Development Co., Ltd.* (懷化勤能科技開發有限公司)(“Huaihua Qinneng”), a wholly-owned subsidiary of the Company, and Yuncheng City Wandefu Hot Power Co., Ltd.* (運城市萬得福熱力有限公司)(“Yuncheng City Wandefu”) entered into the reorganisation agreement pursuant to which, among other things, Yuncheng City Wandefu agreed that Huaihua Qinneng would act as the reorganisation investor to acquire the entire equity in Yuncheng City Wandefu at a consideration of RMB110 million. Yuncheng City Wandefu is principally engaged in the business of using coal-fired boilers to provide centralised heating, including industrial steam, to areas exclusively licensed by the Yuncheng Management Committee through centralised pipe networks. The acquisition was completed on 2 November 2020 and Yuncheng City Wandefu and its subsidiary have become the subsidiaries of the Company since then. Further details are set out in the Company’s announcements dated 8 September 2020 and 3 November 2020 respectively.
- (vi) On 29 September 2020, Guohua Jiaye entered into the equity transfer and capital injection cooperation agreement with an independent third party pursuant to which Guohua Jiaye agreed to acquire 10% equity interest of Tiandi Youdamei (Beijing) Cultural Tourism Company Limited* (天地有大美(北京)文旅有限公司)(“Tiandi Youdamei”) from the independent third party at a consideration of RMB7 million. Guohua Jiaye also agreed to inject RMB14 million to subscribe 15% equity interest of Tiandi Youdamei at the same time. Upon the transactions are completed, Guohua Jiaye would hold 25% equity interest in Tiandi Youdamei. Tiandi Youdamei, through its subsidiaries and associates, is principally engaged in the provision of boutique hotel management services in the PRC under the brand name “隱廬”. The transactions were completed on 30 October 2020 and Tiandi Youdamei together with its subsidiaries and associates have become the associates of the Company since then.

(vii) On 19 November 2020, Huaihua Qinneng entered into the agreement with Haixia Energy Industrial Fund Management (Xiamen) Co., Ltd.* (海峽能源產業基金管理(廈門)有限公司)(“Haixia Fund”), a non-controlling shareholder of Baoshihua Geothermal Energy, to dispose 20% equity interest in Tangshan Jidong Geothermal Energy Development Co., Ltd* (唐山冀東地熱能開發有限公司)(“Tangshan Jidong”) held by Baoshihua Geothermal Energy at a consideration of RMB70 million. The disposal was completed on 19 November 2020 and Tangshan Jidong ceased to be an associate of the Group since then. Further detail is set out in the Company’s announcement dated 19 November 2020.

Save as disclosed above, there was no other material acquisition or disposal (including the acquisition or disposal of subsidiaries and associated companies) for the fifteen months ended 31 March 2021.

FUND RAISING ACTIVITIES

The Company did not conduct any fund raising activities in relation to issue of equity securities during the fifteen months ended 31 March 2021.

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 fifteen months ended 31 March 2021, there was no significant fluctuation in the exchange rates of Hong Kong dollars and US dollars whereas Renminbi had an upward adjustment, resulting in an exchange gain of approximately HK\$33.2 million recognised as other comprehensive income of the Group. The Group will take a prudent approach against any impact arising from the fluctuation in exchange rates but currently is not engaged in any derivative activities and not committed to any financial instruments to hedge its balance sheet exposure.

EMPLOYEE AND HUMAN RESOURCES POLICY

As at 31 March 2021, the Group had 402 staff (31 December 2019: 139 staff). The total staff cost incurred for the fifteen months ended 31 March 2021 was approximately HK\$111.3 million (year ended 31 December 2019: approximately HK\$51.6 million). The remuneration of employees was determined with reference to the qualification and experience of individual staff member, market circumstances and the Group’s performance. In accordance with the Listing Rules, the staff of the Company’s accounting and financial reporting function have adequate training programmes and budget.

Pursuant to a share option scheme adopted on 22 May 2012 (the “2012 Share Option Scheme”), the Board may grant options to 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 fifteen months ended 31 March 2021, 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 minimise the impact on the environment. Details of the Group’s ESG efforts will be set out in its 2020/21 annual report.

FINAL DIVIDEND

The Board has resolved not to recommend any final dividend for the fifteen months ended 31 March 2021 (year ended 31 December 2019: 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 fifteen months ended 31 March 2021 (year ended 31 December 2019: 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 Xiangnan, 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 2020/21 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 fifteen months ended 31 March 2021.

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 fifteen months ended 31 March 2021 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 fifteen months ended 31 March 2021. 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 HKICPA 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 fifteen months ended 31 March 2021.

Under the 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 influence of COVID-19 pandemic, three independent non-executive directors namely, Mr. Ru Xiangnan, Mr. Liu Haiping and Mr. Liu Tonghui, were unable to attend the Company's special or annual general meetings held on 17 April 2020, 5 June 2020 and 31 August 2020 respectively.

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 period'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 systems on an annual basis under the 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 fifteen months ended 31 March 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 26 August 2021 to Wednesday, 1 September 2021 (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 Wednesday, 1 September 2021, 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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, no later than 4:30 p.m. on Wednesday, 25 August 2021.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement containing the results of the Group for the fifteen months ended 31 March 2021 is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cbgroup.com.hk>) respectively. The 2020/21 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. Qin Jie
Executive Director and Chief Executive Officer

Hong Kong, 28 June 2021

As at the date of this announcement, the Board comprises five executive Directors, namely, Ms. Wang Yingqian (Chairman), Mr. Qin Jie (Chief Executive Officer), Mr. Liu Wei, Mr. Chen Wei and Mr. Fan Jie, and three independent non-executive Directors, namely, Mr. Liu Haiping, Mr. Liu Tonghui and Mr. Ru Xiangnan.