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**CHINA BEST GROUP HOLDING LIMITED**

**國華集團控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 370)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30TH JUNE, 2010**

The Board of Directors of China Best Group Holding Limited (the “Company”) would like to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2010 together with the comparative figures for the six months ended 30th June, 2009. Such results have been reviewed by the audit committee and the external auditors of the Company.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME**

*For the six months ended 30th June, 2010*

	<i>Notes</i>	<b>Six months ended</b>	
		<b>30.6.2010</b>	<b>30.6.2009</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Turnover	3	<b>4,313</b>	20,081
Revenue	4	<b>4,313</b>	3,307
Cost of sales		<b>(2,161)</b>	(2,549)
Gross profit		<b>2,152</b>	758
Loss on disposal of an associate		–	(114)
Gain on disposal of investments held for trading		–	23,795
Fair value adjustment on investments held for trading		<b>(23,204)</b>	2,571
Other income		<b>481</b>	334
Administrative expenses		<b>(17,167)</b>	(15,532)
Finance costs	5	<b>(195)</b>	–

\* *For identification purpose only*

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	<i>Notes</i>	<b>Six months ended</b>	
		<b>30.6.2010</b>	30.6.2009
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
(Loss) profit before taxation	6	<b>(37,933)</b>	11,812
Taxation	7	<u><b>(55)</b></u>	<u>(2,651)</u>
(Loss) profit for the period attributable to owners of the Company		<b>(37,988)</b>	9,161
Other comprehensive income for the period:			
Exchange differences arising on translation of foreign operations		<u><b>1,290</b></u>	<u>510</u>
Total comprehensive (expenses) income for the period attributable to owners of the Company		<u><b>(36,698)</b></u>	<u>9,671</u>
(Loss) earnings per share (in the Hong Kong cents) – basic and diluted	9	<u><b>(1.80)</b></u>	<u>0.43</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2010

	<i>Notes</i>	<b>30.6.2010</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2009 <b>HK\$'000</b> <b>(audited)</b>
<b>Non-current assets</b>			
Investment property	10	1,860	1,860
Property, plant and equipment	10	663	713
Available-for-sale investments		7,500	7,500
		<b>10,023</b>	10,073
<b>Current assets</b>			
Trade and other receivables	11	1,431	1,754
Investments held for trading		44,993	53,741
Tax recoverable		44	44
Deposits placed with security brokers		463	9,014
Bank balances and cash		300,127	314,504
		<b>347,058</b>	379,057
<b>Current liabilities</b>			
Trade and other payables	12	14,041	14,014
Margin loan payables		4,753	161
Taxation payable		5,630	5,600
		<b>24,424</b>	19,775
<b>Net current assets</b>		<b>322,634</b>	359,282
		<b>332,657</b>	369,355
<b>Capital and reserves</b>			
Share capital		105,490	105,490
Reserves		227,167	263,865
		<b>332,657</b>	369,355
		<b>332,657</b>	369,355

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1. GENERAL AND BASIS OF PREPARATION

China Best Group Holding Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the corporation information of the interim report.

The condensed consolidated financial information are prepared in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

The condensed consolidated financial information have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial information has been prepared on the historical cost basis, except for investment property and certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2009 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretation (“new and revised HKFRSs”) issued by the HKICPA.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Interpretation (“INT”) 17	Distributions of Non-cash Assets to Owners

The Group applies HKFRS 3 (Revised) *Business Combinations* prospectively to business combinations for which the acquisition date is on or after 1st January, 2010. The requirements in HKAS 27 (Revised) *Consolidated and Separate Financial Statements* in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1st January, 2010.

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial information of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

Except as described above, the adoption of other new and revised HKFRSs had no material effect on the consolidated financial information of the Group for the current or prior periods.

The Group has not early applied the following revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 <sup>1</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>4</sup>
HKAS 32 (Amendment)	Classification of Rights Issues <sup>2</sup>
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters <sup>3</sup>
HKFRS 9	Financial Instruments <sup>5</sup>
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement <sup>4</sup>
HK(IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments <sup>3</sup>

<sup>1</sup> Amendments that are effective for annual periods beginning on or after 1st July, 2010 and 1st January, 2011, as appropriate.

<sup>2</sup> Effective for annual periods beginning on or after 1st February, 2010.

<sup>3</sup> Effective for annual periods beginning on or after 1st July, 2010.

<sup>4</sup> Effective for annual periods beginning on or after 1st January, 2011.

<sup>5</sup> Effective for annual periods beginning on or after 1st January, 2013.

HKFRS 9 “Financial Instruments” introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January, 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of 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 objective 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.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

### 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 period.

	<b>Six months ended</b>	
	<b>30.6.2010</b>	30.6.2009
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Provision of international air and sea freight forwarding services	<b>2,786</b>	3,307
Gross proceeds from disposal of investments held for trading	–	16,774
Dividend income from investments held for trading	<b>1,527</b>	–
	<b><u>4,313</u></b>	<u>20,081</u>

### 4. REVENUE AND SEGMENTAL INFORMATION

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

**For the six months ended 30th June, 2010**  
(unaudited)

	<b>International air and sea freight forwarding <i>HK\$'000</i></b>	<b>Securities trading <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Revenue			
External	<u>2,786</u>	<u>1,527</u>	<u>4,313</u>
Segment loss	<b><u>(603)</u></b>	<b><u>(20,277)</u></b>	(20,880)
Unallocated corporate expenses			(17,467)
Interest income			<u>414</u>
Loss before taxation			<b><u>(37,933)</u></b>

#### 4. REVENUE AND SEGMENTAL INFORMATION (Continued)

For the six months ended 30th June, 2009  
(unaudited)

	International air and sea freight forwarding <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue			
External	3,307	–	3,307
Segment (loss) profit	<u>(141)</u>	<u>26,424</u>	26,283
Unallocated corporate expenses			(14,359)
Interest income			2
Loss on disposal of an associate			<u>(114)</u>
Profit before taxation			<u><u>11,812</u></u>

Segment (loss) profit represents the loss from or profit earned by each segment without allocation of central administration costs, directors' salaries, interest income and loss on disposal of an associate. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

#### Segment assets

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

	<b>International air and sea freight forwarding <i>HK\$'000</i></b>	<b>Securities trading <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>At 30th June, 2010</b>			
Segment assets	<u>3,583</u>	<u>120,632</u>	<u>124,215</u>

**4. REVENUE AND SEGMENTAL INFORMATION (Continued)**

	International air and sea freight forwarding <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31st December, 2009			
Segment assets	<u>4,081</u>	<u>143,066</u>	<u>147,147</u>

**5. FINANCE COSTS**

	<b>Six months ended</b>	
	<b>30.6.2010</b>	30.6.2009
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Interest on margin loan payables wholly repayable within five years	<u>195</u>	<u>–</u>

**6. (LOSS) PROFIT BEFORE TAXATION**

	<b>Six months ended</b>	
	<b>30.6.2010</b>	30.6.2009
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
(Loss) profit before taxation has been arrived at after charging (crediting) the following items:		
Depreciation of property, plant and equipment	71	389
Employee benefit expenses	4,382	2,446
Written off of property, plant and equipment	1	–
Operating lease payment in respect of rented premises	1,619	1,062
Interest income	<u>(459)</u>	<u>(4)</u>



## 7. INCOME TAX EXPENSE

	Six months ended	
	30.6.2010	30.6.2009
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
Hong Kong Profits Tax	–	2,651
PRC Enterprise Income Tax	54	–
Singapore Enterprise Income Tax	1	–
	<u>55</u>	<u>2,651</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30th June, 2009.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit for the period ended 30th June, 2010.

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

## 8. DIVIDENDS

The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30th June, 2010 and 2009.

## 9. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share for the six months ended 30th June, 2010 is based on the loss for the period attributable to the owners of the Company of approximately HK\$37,988,000 (six months ended 30th June, 2009: profit for the period of approximately HK\$9,161,000) and on the weighted average number of 2,109,796,000 (six months ended 30th June, 2009 as restated: 2,109,796,000 due to a share consolidation of every 5 shares of the Company into one share which was completed on 6th October, 2009) ordinary shares in issue during the period.

The diluted (loss) earnings per share for the six months ended 30th June, 2010 and 2009 are the same as basic (loss) earnings per share as the conversion of the Company's outstanding share options would result in a decrease in basic (loss) earnings per share. The computation of diluted (loss) earnings per share does not assume the exercise of the Company's outstanding share options because the exercise price of the Company's option was higher than the average market price for shares.

## 10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the current period, the Group spent approximately HK\$22,000 (six months ended 30th June, 2009: HK\$205,000) on property, plant and equipment. There was no addition for investment property for the six months ended 30th June, 2010 and 2009.

In the opinion of the directors, there are no material difference between the carrying amounts of the investment property and their fair values at 30th June, 2010.

## 11. 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:

	<b>30.6.2010</b> <i>HK\$'000</i> (unaudited)	31.12.2009 <i>HK\$'000</i> (audited)
0 – 30 days	454	432
31 – 60 days	144	336
61 – 90 days	30	36
	<hr/>	<hr/>
	628	804
Deposits and prepayments	803	950
	<hr/>	<hr/>
	<b>1,431</b>	<b>1,754</b>
	<hr/> <hr/>	<hr/> <hr/>

## 12. TRADE AND OTHER PAYABLES

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

	<b>30.6.2010</b> <i>HK\$'000</i> (unaudited)	31.12.2009 <i>HK\$'000</i> (audited)
0 – 30 days	258	98
31 – 60 days	21	15
61 – 90 days	–	6
Over 90 days	1,884	1,864
	<hr/>	<hr/>
	2,163	1,983
Accrued charges and other payables	11,878	12,031
	<hr/>	<hr/>
	<b>14,041</b>	<b>14,014</b>
	<hr/> <hr/>	<hr/> <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

	<b>2010</b>	2009	2009
	<b>Interim</b>	Final	Interim
	<b>HK\$'M</b>	HK\$'M	HK\$'M
<b>Financial Results Highlight</b>			
Turnover	<b>4.3</b>	245.8	20.1
Gross Profit	<b>2.2</b>	2.0	0.8
Other operating Income/(Loss)	<b>(22.7)</b>	35.8	26.4
Total expenses	<b>(17.3)</b>	(31.5)	(15.5)
NP(L)BT&M	<b>(37.9)</b>	6.3	11.8
NP(L)AT&M	<b>(37.9)</b>	6.3	9.2
<b>Extract of Financial Position</b>			
Total Assets	<b>357.1</b>	389.1	415.8
Total Liabilities	<b>(24.4)</b>	(19.8)	(41.8)
Net Current Assets	<b>322.6</b>	359.3	47.4
Cash and Bank Balance	<b>300.1</b>	314.5	20.6
Total Net Assets	<b>332.7</b>	369.4	374.1

The consolidated turnover of the Group amounted to HK\$4,313,000 for the six months ended 30th June, 2010 (six months ended 30th June, 2009: HK\$20,081,000). Total gross profit was approximately HK\$2,152,000 (six months ended 30th June, 2009: HK\$758,000 gross profit). For the six months ended 30th June, 2010, the Group recorded net other operating loss of HK\$22,723,000 (six months ended 30th June, 2009: HK\$26,366,000 net other operating income) and total expenses of HK\$17,362,000 (six months ended 30th June, 2009: HK\$15,532,000) and net loss before Taxation and Minority Interest HK\$37,933,000 (six months ended 30th June, 2009: HK\$11,812,000 profit). Finally, the net loss after Taxation and Minority Interest was approximately HK\$37,988,000 (six months ended 30th June, 2009: HK\$9,161,000 profit).

## BUSINESS REVIEW

### Coke Business

There was no turnover of coke/coal enterprise for the six months ended 30th June, 2009 and 2010.

## **Freight Forwarding Business**

The turnover of the Group's international forwarding agency business was HK\$2,786,000 (six months ended 30th June, 2009: HK\$3,307,000), representing a decrease of 19% as compared to the previous corresponding period. Total gross profit was HK\$634,000, (six months ended 30th June, 2009: HK\$758,000), a decrease of HK\$124,000 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 unbalanced recovery of global economy.

## **Securities Investment**

The total transaction volume of the Group's securities investment business was HK\$1,527,000 (six months ended 30th June, 2009: HK\$103,498,000), representing a significant decrease of amount HK\$101,971,000 as compared to the previous corresponding period. The realised and unrealised loss on a fair value adjustment of was HK\$23,204,000 for investments held for trading during the period under review (six months ended 30th June, 2009: HK\$26,366,000 gain).

## **LIQUIDITY AND CASHFLOW RESOURCES**

The gearing ratio maintained is nearly at zero (31st December, 2009: zero) and the current ratio decreased from 19.17 to 14.21. The calculation of gearing ratio is based on interest bearing borrowings of HK\$4,753,000 (31st December, 2009: HK\$161,000) and the shareholders' equity of HK\$332,657,000 (31st December, 2009: HK\$369,355,000) at the balance sheet date. The calculation of current ratio is based on the current assets of HK\$347,058,000 (31st December, 2009: HK\$379,057,000) and the current liabilities of HK\$24,424,000 (31st December, 2009: HK\$19,775,000) at the balance sheet date.

The cash and bank was HK\$300,127,000 (31st December, 2009: HK\$314,504,000) and the high liquid asset investment held for trading was HK\$44,993,000 (31st December, 2009: HK\$53,741,000) indicated that the Group got strong cash position at the balance sheet date. The Group has sufficient and readily available financial resources for both general working capital purpose and feasible acquisition of the proposed investments in the PRC may encounter or contemplate in the future.

## **CONTINGENT LIABILITIES**

As at 30th June, 2010, the Group provided a financial guarantee of HK\$122,000 (as at 31st December, 2009: HK\$183,000) to an independent third party.

## **PLEDGE OF ASSETS**

At the balance sheet date, the Group's securities of HK\$19,353,000 (31st December, 2009: HK\$161,000) were pledged to brokers to secure the margin loan. At the balance sheet date, there was no other significant assets pledged to banks to secure general banking facilities granted to the Group and the post dated bills payable (31st December, 2009: HK\$Nil).

## **CAPITAL EXPENDITURE**

For the period under review, the Group incurred a total capital expenditure on property, plant and equipment of HK\$22,000 (six months ended 30th June, 2009: HK\$205,000), which was funded by its own financial resources.

## **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 WOFE or joint venture in PRC. The monetary assets of the Group in the currency value of US dollars are also subject to the risk of exchange rate fluctuation. The Group will take a prudent approach for this impact but in the meant time do not engage in any derivative activities and not commit to any financial instruments to hedge its balance sheet exposure in 2010.

## **CHANGE OF DIRECTORSHIP**

On 30th June, 2010, Ms. Cheung Hoi Ping was resigned as executive director of the Company.

## **EMPLOYEE AND HUMAN RESOURCES POLICY**

The Group had approximately 32 staff at 30th June, 2010 (31st December, 2009: 32). The remuneration of employees was determined with reference to the market terms, their qualification, experience and performance to the Company. The total staff cost incurred for the six months ended 30th June, 2010 was approximately HK\$4,382,000 (six months ended 30th June, 2009: HK\$2,446,000). As per Listing Rules, the staff of the issuer's accounting and financial reporting function should have adequate training programmes and budget.

## **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, the Group had strengthened the financial position and re-located 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 endeavor and are confident to develop successful business model to obtain high contribution and stable revenue from new business in the future. The Group had put US\$28 million and prepared to invest for new energy business in Jiansu from 2009 to 1Q2010 by setting up a PRC WOFE, Liyang Guohua New Energy Co. Ltd., and its subsidiary and branch office (“Liyang Guohua Group”). However, after detailed investigation, thorough feasibility study and marketing research on the new projects, our Beijing business development department got the unfavourable results over these new energy projects. In addition, due to the change of business environment, the Group decided to adjust its strategy to de-register the Liyang Guohua Group and try to re-allocate & return the investment funds for its better flexibility of financial management.

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 new macro national policies of PRC publicized may give incentive for the new potential business.

It is expected China will be the one who will be the first recovered economy after the Global Financial Crisis. In addition to the energy business activities which considered to be invaluable scarcity of energy resource and related coke processing, it is also a great opportunity for us to look for any other high growth businesses in PRC actively.

## **INTERIM DIVIDEND**

The Board of Directors has resolved not to recommend the payment of any interim dividend for the six months ended 30th June, 2010(six months ended 30th June, 2009: Nil).

## **PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June, 2010 under review.

## **AUDIT COMMITTEE**

The Interim Report, which is prepared in accordance with HKAS 34 "Interim Financial Reporting", has also been reviewed by the Company's independent auditors Messrs. SHINEWING (HK) CPA Limited in accordance with the Hong Kong Standards on Review Engagements 2400 "Engagements to Review Financial Statements".

The Audit Committee of the Board, consisted of three independent non-executive directors, has reviewed and discussed with the management the Company's unaudited Interim Report and the internal control as well as financial reporting matter and recommended its adoption by the Board.

## **CORPORATE GOVERNANCE**

During the six months ended 30th June, 2010, the Company has fully complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules, except for deviation from Code Provisions 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 eligible for re-election at the annual general meeting under the Company's Bye-laws.

## **INTERNAL CONTROL**

The Board acknowledges its responsibility for the Group's system of internal control to safeguard shareholder investment and reviewing the effectiveness of such on an annual basis 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 six months ended 30th June, 2010.

## **PUBLICATION OF INTERIM REPORT**

This interim announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.cbgroup.com.hk>).

The 2010 Interim Report of the Company containing all the information required under paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be despatched to the shareholders of the Company as well as published on the aforesaid websites in due course.

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

Hong Kong, 30 August 2010

*As at the date of this announcement, the Board comprises four executive directors, namely, Ms. Ma Jun Li, Mr. Ng Tang, Mr. Zhang Da Qing and Mr. Ren Zheng; 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.*