

INDEPENDENT INTERIM REVIEW REPORT



TO THE BOARD OF DIRECTORS OF CHINA BEST GROUP HOLDING LIMITED

國華集團控股有限公司

(Incorporated in Bermuda with limited liability)

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 6 to 17.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Fundamental uncertainty relating to the going concern basis

In forming our review conclusion, we have considered the adequacy of the disclosures made in note 1(ii) to the interim financial report which explain that the directors are taking steps to improve the liquidity position and financial performance of the Group in light of the consolidated net current liabilities of approximately HK\$65.7 million at 30th June, 2006 and the loss of approximately HK\$26.4 million for the six months then ended. These steps include the negotiation with the Group's lenders to extend and reschedule the repayment of its borrowings of HK\$45.1 million outstanding at 30th June, 2006, and various measures to improve the operating cash flows and the financial position of its subsidiary, Shangxi Changxing Yuci Coking Co. Limited, which had net current liabilities of HK\$164.5 million as at 30th June, 2006.

Provided that the Group can extend and reschedule the repayment of the fixed-rate borrowings from lenders and improve the operating results and cash flows through the implementation of various measures as described in note 1(ii) to the interim financial report, the directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. The interim financial report has been prepared on a going concern basis, the validity of which depends upon successful rescheduling of the borrowings and the ability to improve the operating results and cash flows through various measures. The interim financial report does not include any adjustments that may result from the failure to reschedule the borrowings and the failure to improve the operating results and cash flows through those measures. We consider that the fundamental uncertainty has been adequately disclosed in the interim financial report and our review conclusion is not modified in this respect.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th June, 2006.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

22nd September, 2006