

On behalf of the Board of Directors, I hereby present to the shareholders the annual report of Bestway International Holdings Limited (the "Company") and its subsidiary companies (together the "Group") for the year ended 31 March 2006

DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year.

BUSINESS REVIEW

Review of Operations

The principal activities of the Group during the year were the manufacturing and trading of plastic products, mainly PVC films. The revenue for the years ended 31 March 2006 and 2005 were HK\$282.89 million and HK\$331.80 million respectively. The decrease in turnover was mainly due to the Group disposed of and discontinued its business of manufacturing and trading of PVC floor coverings since March 2005. The net profit for the year was HK\$0.66 million, compared with the net loss of HK\$28.24 million last year. The Group's basic earnings per share attributable to ordinary equity holders of the Company was HK0.01 cent.

本人謹代表董事會向股東提呈百威國際控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)截至二零零六年三月三十一日止年度之年報。

股息

董事不建議就本年度派發任何股息。

業務回顧

營運回顧

本集團於年內之主要業務為生產及買賣塑膠產品(主要為膠布)。截至二零零六年及二零零五年三月三十一日止年度之收益分別為282,890,000港元及331,800,000港元。營業額減少主要由於本集團自二零零五年三月起出售及終止經營其膠地板製造及買賣業務。本年度純利為660,000港元，而去年則為虧損淨額28,240,000港元。本公司普通股權持有人應佔本集團每股基本盈利為0.01港仙。

PVC Films

During the year, the Group's continuing operations, sales in PVC films was approximately HK\$282.89 million, compared with approximately HK\$292.02 million for the last year, a decrease of about 3.13%. Gross profit margin had increased to 7.82% as compared with last year of 6.77%. Gross profit for the year was HK\$22.11 million as compared with HK\$19.78 million last year. The sales volume for the year was 30,640 tones as compared with last year of 31,958 tones. The average selling price per ton was HK\$9,232 per ton and slightly rising of HK\$95 per ton as compared with last year of average selling price of HK\$9,137 per ton. The decrease in revenue and improved gross profit margin was mainly due to the Group tightening cost controls over factory overheads. The profit for the year from continuing operations was HK\$0.66 million, compared with the loss of HK\$15.62 million last year. The Group's basic earnings per share from the PVC films for the year was HK0.01 cent when compared with loss per share of HK0.46 cent last year.

Prospects

Looking ahead, the Group plans to facilitate the circulation of information and enhance productivity with the Enterprise Resource Planning System which is now in place, so as to reduce the production and management costs. In the meantime, the Group will spare no effort in product development and technology innovation and in raising product value with the aim of increasing the profit margin of products. Furthermore, the Group will try to reduce the effect brought by the fluctuation of oil price by reinforcing procurement management.

On 13 December 2005, the Group entered into an agreement, which is subject to the approval of the relevant PRC authority, with Hebei Cangzhou Chemical Enterprise Group in relation to the acquisition of the 12% equity of Cangzhou Chemical Industry Co Ltd. The Group intends to develop strategic cooperation with Hebei Cangzhou Chemical Enterprise with the completion of the acquisition agreement. The Group will be able to purchase PVC resin from Cangzhou Chemical in order to secure a stable supply of raw materials. In addition, the Group will gain a new source of income through the sale and the resale of the products of Cangzhou Chemical.

膠布

年內，本集團持續經營業務膠布之銷售額約為282,890,000港元，相對於去年約292,020,000港元下跌約3.13%。毛利率上升至7.82%，而去年毛利率則為6.77%。本年度毛利為22,110,000港元，而去年毛利則為19,780,000港元。本年度銷售量為30,640噸，而去年銷售量則為31,958噸。每噸平均售價為每噸9,232港元，較去年平均售價每噸9,137港元輕微上升每噸95港元。收益下跌及毛利率有所改善主要因為本集團就廠房經營開支實行嚴格成本監控。本年度持續經營業務溢利為660,000港元，而去年則為虧損淨額15,620,000港元。年內，本集團來自膠布之每股基本盈利為0.01港仙，而去年則為每股虧損0.46港仙。

前景

展望將來，本集團希望透過實施中之企業資源管理系統，藉此加快資訊流向、加強生產力，從而減低生產及管理成本。同時本集團仍會致力產品開發及技術開發，提高產品附加值，以增加產品之邊際利潤。另通過加強採購管理，減輕石油價格大幅波動帶來之影響，從而撐開盈利空間。

在二零零五年十二月十三日，本集團與河北滄州化工集團有限公司簽訂協議，收購滄州化學股份有限公司之12%股權（有關協議仍待中國有關當局審批）。希望藉此透過完成收購協議，與滄州化學工業股份有限公司進行策略性之合作。本集團可向滄州化學購入PVC樹脂，以穩定原材料之供應。並藉此銷售及轉售滄化之產品為本集團帶來新收益。

Employees

As at 31 March 2006, the Group had approximately 312 full time managerial, administrative and manufacturing employees of which 17 were based in Hong Kong and the rest were stationed in the PRC. The staff number and their respective duties for both years are set out in the following table:

		2006 二零零六年	2005 二零零五年
General administration & accounting	一般行政與會計	61	44
Sales & marketing	銷售及市場推廣	13	13
Material procurement & quality control	採購物料及品質控制	45	53
Manufacturing & warehousing	製造及倉庫	193	217
		312	327

The Group affords competitive remuneration packages to its employees based on prevailing industry practice and provides most of its employees in the PRC with rent-free quarters and messings. Compensation policies are reviewed regularly and are designed to reward and motivate productivity and performance.

Appreciation

I would like to extend my gratitude to the members of the board of directors, our management team and staff for their loyalty and dedication during the past year. On behalf of the Board of Directors, I wish to convey our most sincere appreciation of the staunch support to our Group from all of our customers, suppliers and bankers during the year.

Tang Kuan Chien
Chairman

Hong Kong, 21 July 2006

僱員

於二零零六年三月三十一日，本集團僱用約312名全職管理、行政及生產僱員，其中17人駐於香港，餘下員工則駐於中國。下表載列兩個年度之僱員人數及彼等之職務：

		2006 二零零六年	2005 二零零五年
General administration & accounting	一般行政與會計	61	44
Sales & marketing	銷售及市場推廣	13	13
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		312	327

本集團根據現行業內慣例向僱員提供具競爭力之薪津，並向其中國大部份僱員提供免租宿舍及膳食設施。本公司定期檢討補償政策，旨在獎勵及激勵僱員之生產力及表現。

致謝

本人謹藉此對各董事、管理層及員工於過去一年之竭誠服務及貢獻表示謝意。本人謹代表董事會對本集團所有客戶、供應商及往來銀行於年內對本集團之鼎力支持深表謝忱。

主席
唐貫健

香港，二零零六年七月二十一日