BESTWAY INTERNATIONAL HOLDINGS LIMITED
百威國際控股有限公司 *
(Incorporated in Bermuda with limited liability)
(Stock Code: 718)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2007

The Board of Directors of the Company announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March 2007 together with the comparative figures of year 2006 as follows:-

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
Revenue	4	300,334	282,886
Cost of sales		(284,494)	(260,773)
Gross profit		15,840	22,113
Other income	4	1,490	690
Gain arising on write-off of indebtedness		-	11,100
Selling and distribution costs		(4,404)	(3,436)
Administrative expenses		(23,145)	(20,805)
Other operating expenses, net		(4,643)	(7,619)
Finance costs	6	(3,870)	(3,922)
Share of profits and losses of jointly-controlled entities		-	276
Loss before taxation	5	(18,732)	(1,603)
Taxation	7	34	2,264
(Loss)/Profit for the year		(18,698)	661
Attributable to:			
Equity holders of the Company		(18,398)	599
Minority interest		(300)	62
		(18,698)	661
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HODLERS OF THE COMPANY			
Basic			
-For (loss)/profit for the year	8	(6.19 cent)	0.01 cent
Diluted		N/A	N/A

**For identification purposes*

CONSOLIDATED BALANCE SHEET

As at 31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		59,933	63,350
Prepaid lease payments		3,942	4,082
Interests in jointly-controlled entity		-	4,002
Long term receivables		2,643	2,698
Prepaid rentals		-	2,098
		66,518	76,230
CURRENT ASSETS			
Inventories		24,368	21,674
Accounts and bills receivable	9	48,723	38,601
Prepayments, deposits and other receivables		8,019	9,808
Tax recoverable		53	-
Pledged deposits		8,370	5,688
Cash and bank balances		35,233	14,200
		124,766	89,971
Asses classified as held for sale		2,820	-
		127,586	89,971
CURRENT LIABILITIES			
Account payables	10	33,582	17,230
Other payables and accruals		22,990	26,794
Tax payable		6,000	5,852
Interest-bearing bank and other borrowings		43,299	36,936
Provision		575	575
		106,446	87,387
NET CURRENT ASSETS		21,140	2,584
TOTAL ASSETS LESS CURRENT LIABILITIES		87,658	78,814
NON CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		10,571	12,754
NET ASSETS		77,087	66,060
CAPITAL AND RESERVE			
Issued capital		38,590	51,453
Reserves		34,238	10,045
		72,828	61,498
Minority interests		4,259	4,562
		77,087	66,060

NOTES

1 Basis of preparation and accounting policies

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Company Ordinance. They have been prepared under the historical cost convention, except for buildings, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK'000) except when otherwise indicated.

2 Impact of issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not early applied the following new standard, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standard, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 8	Scope of HKFRS 2[3]
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives[4]
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment[5]
HK(IFRIC) – Int 11	HKFRS 2 - Group and Treasury Share Transactions[6]
HK(IFRIC) – Int 12	Service Concession Arrangements[7]

[1] Effective for annual periods beginning on or after 1 January 2007
[2] Effective for annual periods beginning on or after 1 January 2009
[3] Effective for annual periods beginning on or after 1 May 2006
[4] Effective for annual periods beginning on or after 1 June 2006
[5] Effective for annual periods beginning on or after 1 November 2006
[6] Effective for annual periods beginning on or after 1 March 2007
[7] Effective for annual periods beginning on or after 1 January 2008

3 Segment Information

No business segment information of the Group is presented as the Group's revenue, expenses, assets, liabilities and capital expenditure are primarily attributable to the manufacturing and trading of plastic products, mainly PVC films.

No further geographical segment information is presented as over 90% of the Group's revenue, results and assets are attributable to its operations in Mainland China.

4. Revenue and other income

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, but excludes intra-Group transactions.

An analysis of revenue and other income is as follows:

	2007 HK$'000	2006 HK$'000
Revenue		
Sale of goods	300,334	282,886
Other income		
Bank interest income	156	90
Reversal of allowance for bad debts	133	-
Subcontracting income	506	481
Others	695	119
	1,490	690

5. Loss before taxation

The Group's loss before tax is arrived at after charging/ (crediting):

	2007 HK$'000	2006 HK$'000
Cost of inventories sold	284,494	260,773
Depreciation	10,355	14,240
Impairment of interest in a jointly-controlled entity	-	3,500
(Surplus)/Deficit on revaluation of buildings	(1,000)	63
Allowance for doubtful debts	243	-
Loss on disposal of property, plant and equipment	110	1,566
Loss on disposal of a jointly-controlled entity	113	2,074
Gain on disposal of a long term receivable	-	(1,636)
Gain on disposal of subsidiaries	(1,006)	-
Gain on derecognition of prepaid land lease payment	-	(206)

6. Finance costs

	2007	2006
	HK$'000	HK$'000
Interest on:		
Bank loans and other loans wholly repayable within five years	3,827	3,461
Convertible bonds	-	439
Finance leases	43	22
Total interest	3,870	3,922

7. Tax

	2007	2006
	HK$'000	HK$'000
Current year provision:		
Hong Kong	-	143
Mainland China	-	271
	-	414
Underprovision/ (Overprovision) of current tax in respect if prior years:		
Hong Kong	(95)	-
Mainland China	61	(2,678)
	(34)	(2,678)
Tax credit for the year	(34)	(2,264)

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during the year (2006: 17.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

8. (Loss)/earnings per share attributable to ordinary equity holders of the company

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the year attributable to ordinary equity holders of the Company of (HK$18,398,000) (2006: a profit of HK$599,000), and the weight average number of 297,335,448 (2006(restated): 5,791,172,326) ordinary shares in issue during the year.

Diluted (loss)/earnings per share amounts for the year ended 31 March 2007 and 2006 have not been disclosed, as the share option granted and the convertible bonds outstanding during both years had an anti-dilutive effect on the basic (loss)/earnings per share for both years.

9. Accounts and Bills Receivable

The Group's trading term with its customers generally have credit terms of up to 60 days and non-interest bearing (except for certain well-established customers having strong financial strength, good repayment history and credit worthiness, where the credit terms are extended to 90 to 120 days). Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts and bills receivable relate to a large number of diversified customers, there is no significant concentration of credit risk.

An aged analysis of the Group's accounts and bills receivable as at the balance sheet date, based on the invoice date, is as follows:

Group

	2007 HK$'000	2006 HK$'000
Within 30 days	21,973	22,184
31 to 60 days	11,733	9,738
61 to 90 days	11,635	4,321
Over 90 days	3,382	2,358
	48,723	38,601

The carrying amounts of the Group's accounts and bills receivable approximate to their fair values.

10. Accounts Payable

An aged analysis of the accounts payable as at the balance sheet date, based on invoice date, is as follows:

Group

	2007 HK$'000	2006 HK$'000
Within 30 days	13,113	5,803
31 to 60 days	6,894	3,843
61 to 90 days	7,861	4,058
Over 90 days	5,714	3,526
	33,582	17,230

The carrying amounts of the Group's accounts payable approximate to their fair values.

11. Dividend

The directors do not recommend the payment of any dividend in respect of the year ended 31st March 2007 (2006: Nil).

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. During the year, the Group's turnover was approximately HK$300.33 million, compared with approximately HK$282.89 million for the last year, an increase of about 6.16%. Gross profit for the year was HK$15.84 million as compared with HK$22.11 million last year. Gross profit margin had decreased to 5.27% as compared with last year of 7.82%. The sales volume for the year was 30,140 tones as compared with last year of 30,640 tones. The average selling price per ton was HK$9,960 per ton and with the rising of HK$730 per ton as compared with last year of average selling price of HK$9,230 per ton. The decreased in gross profit margin was mainly due to the increase on costs of raw material and manufacturing. The net loss from the PVC films attributable to shareholders was HK$18.40 million, compared with the net profit of HK$0.60 million last year. The Group's basic loss per share from the PVC films for the year was HK$6.19 cent when compared with earning per share of HK$0.01 cent last year.

PROSPECTS

In early 2007, the Group started working on the relocation of its factory. The work was completed in July. The relocation was intended to maximise the economic returns of the existing resources by centralising and restructuring of the production lines and releasing the redundant production capacity. Furthermore, we also plan to adopt a new layout for our factory facilities for the use of more economical energy substitutes to mitigate the effect of rising energy cost. The Group is considering partial repayment of other high-interest loans to lessen the financial burden. We will continue to focus on the development of products and technology to offer our customers with highly value-added products. We hope the initiatives will improve the Group's operations.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March 2007, the Group's bank and other borrowings was amounted to HK$53,870,000 which was an increase of HK$4,180,000 from its borrowings of HK$49,690,000 at the year ended 31st March 2006.

Of the Group's total borrowings at 31st March 2007:

(i) HK$19,707,000 is at floating interest rates and HK$34,163,000 is at fixed interest rates.

(ii) 2.16% is denominated in Hong Kong Dollars and 61.26% is denominated in Renminbi and 36.58% in United States Dollars

As at 31st March 2007, the Group's cash and bank balances amounted to HK$35,233,000 (as at

31st March 2006: HK$ 14,200,000). The Group's net asset value amounted to approximately HK$77.09 million (as at 31st March 2006: HK$66.06 million) with total assets approximately HK$ 194.10 million (as at 31st March 2006: HK$166.20 million). Net current assets were approximately HK$21.14 million (as at 31st March 2006: HK$2.58 million) and the current ratio was 1.20 times (as at 31st March 2006: 1.03 times). The gearing ratio, expressed as the percentage of total borrowings to total net assets, was 69.88% as at 31st March 2007 (as at 31st March 2006: 75.22%)

On 11th May 2006, the Group had disposed entire 25% of equity interest in Shenzhen Wuye Jifa Warehouse Co., Ltd ("SWJ") through the disposal of entire 100 % equity interest in Luen Fat Hong Investment Limited at a consideration of HK$4,038,000. SWJ's major asset is the holding of a parcel of land located at Yantian Port, Yantian, Shenzhen, Guangdong Province of the PRC (the "Yantian Land")

On 8th September 2006, the Company had terminated the subscription agreement which was entered with Forex Investment Development Limited on 9th June 2006 in relation to the subscription of 2-year, 4 % guaranteed convertible notes and convertible into ordinary shares of the company up to a principal amount of HK$46.5 million. The termination was due to one of the conditions had not been fulfilled in respect of the collateral to be given by the Company in favour of the Subscriber

On 14th December 2006, the Company passed a resolution of capital restructuring at the SGM involving (i) capital reduction in the nominal value of each existing Share in issued and unissued of HK$0.01 to HK$0.005 and the authorised share capital of the Company be reduced from HK$240,000,000 to HK$120,000,000; (ii) Every 20 issued and unissued Shares of HK$0.005 each be consolidated into one consolidated Share of HK$0.10 and (iii) the credit arising from the Capital Reduction be credited to the contributed surplus account and will offset part of the accumulated losses as the 15th December 2006.

On 13th January, 2007, the Company had terminated a condition sale and purchase agreement which was entered with Hebei Cangzhou Chemical Group (Vendor) on 13th December 2005 to acquire 12% (50,470,400 stated-owned shares) of the existing issued share capital of Cangzhou Chemical Industrial Co Ltd., at a maximum cash consideration of HK$120 million. The termination was due to all conditions in sales and purchase agreement had not been fulfilled within the Extended Condition Fulfillment Dated of 13th January 2007.

On 23rd March 2007, the Company has raised HK$19.6 million after expenses by way of rights issue of 128,631,838 Right Shares at a price of HK$0.16 per Right Share on the basis of one Right Share for every two existing Shares. The issued share capital will be 385,895,514 shares following the completion of the Rights Issue. The proceeds of the Right Issue is intended to be used for the general working capital, modification charge of existing machinery and removal expenses for factory.

POST BALANCE SHEET EVENTS

A wholly owned subsidiary, DG Best Faith had applied for an increase of registered capital by US$3,570,000 from US$6,430,000 to US$10,000,000, which has been approved on 7th June 2007

The Directors has decided to implement a concentration strategy in order to better control in our daily operations especially in production, purchasing and financial control. Therefore, Dongguan Bestway Plastic Manufactory (DG Bestway) originally had four production lines in existing, two of production lines moved to its wholly owned subsidiary, Dongguan Best Faith Plastic Products Limited (DG Best Faith) located at Shi Shui Kou Villiage, Qiao Tou Town, Dongguan City. And the remaining of two production lines in DG Bestway were disposed to a third party namely as 揭陽市中誠化學工業有限公司 at a total consideration price of RMB6,800,000 which has a net book value of RMB2,785,925. A gain of RMB 3,524,075 was arising from the disposal after the expenses.

CHARGE ON GROUP'S ASSETS

The Group Pledged a bank deposits of HK$8,370,000 as at 31st March 2007 (as at 31st March 2006: HK$5,688,000) in return for granting banking facilities of USD3,000,000 by a principal banker. Certain of the Group's medium term leasehold land and the building with net book value of HK$11.17 million (as at 31st March 2006: HK$11.75 million) which was revalued by LCH (Asia Pacific) Surveyors Limited, independent professionally qualified valuer, on the open market, existing use basis, at 31st March 2007 at RMB25,760,000 in aggregate, were pledged to secure a loan of RMB12.6 million granted to the Group.

EXPOSURE TO FOREIGN EXCHANGE FLUCTUATION

The Group's monetary assets, liabilities and transactions were principally denominated in Hong Kong dollars ("HKD"), Reminbi ("RMB") and United States Dollars ("USD"). As all of the Group's production plants are based in the People's Republic of China, most wages and salaries and manufacturing overheads are mainly denominated in RMB. Hence, appreciation of the RMB against USD during the year had affected the loss of the Group.

The management has adopted a plan to mitigate the impact of USD depreciation in relation of RMB by the way of convert group's assets in terms of USD in PRC to RMB.

CONTINGENT LIABILITIES

As at 31st March 2007, the Group gave a guarantee of banking facilities granted to independent third parties amounting to HK$7.09 million (as at 31st March 2006 :HK$7.69 million).

EMPLOYEES

As at 31st March 2007, the Group had approximately 282 employees full time managerial, administrative and manufacturing employees. The Group affords competitive remuneration packages to its employees based on prevailing and 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.

On 25th September 2006, the Company has granted an employee share options to executive /non-executive directors and employees to enhance their contributions and continue services to the Company. Approximately HK$1,785,000 has been charged to the income statement as the cost of share option for the period ended 31st March 2007. The fair value of total share options is HK$3,597,000 which was valued by LCH (Asia-Pacific) Surveyors Limited.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 28th August to 31st August 2007 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the forthcoming Annual General Meeting, all transfers accompanied by the relevant share certificate must be lodged with the Company's Branch Share Registrar in Hong Kong, Tengis Limited at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 27th August 2007.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

AUDIT COMMITTEE

The Company has an Audit committee which was established in compliance with the Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Group's audited financial statements for the year ended 31st March 2007 have been reviewed by the Committee. The Audit Committee comprises the three independent non-executive directors of the Company, and meets at least twice annually to perform their duties.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the accounting period covered by the annual report with deviations from certain code provisions as explained below:

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same person. Mr. Tang Kuan Chien is the Chairman of the Board and also serves the function of a Chief Executive. The Board believes that the present arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively in response to the changing environment. The Board also believes that the Company already has a strong corporate governance structure in place to ensure effective oversight of management. The Board will continually review the effectiveness of the Group's corporate governance structure to assess whether any changes are necessary.

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 its own code of directors' securities transactions. Having made specific enquiry of all directors, the directors have complied with the required standard set out in the Model Code, throughout the year ended 31st March 2007.

PUBLICATION OF ANNUAL RESULTS ON WEBSITEOF THE STOCK EXCHANGE

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk under "Latest Listed Companies Information" and the Company's website at www.bestwaygroup.com.hk. The annual report of the Company for the year ended 31st March 2007 will be dispatched to the shareholders and published on the HKEX's and the Company's websites in due course.

On behalf of the Board

Tang Kuan Chien

Chairman

Hong Kong, 18th July 2007

As at the date of this announcement, the Board of Directors of the Company comprises of Mr. Tang Kuan Chien, Mr. Tang Wei Lun, Mr. Lam Chi Yin, Henry and Mr. Ng Man Kin, Kenneth as executive directors, and Mr. Hung Shean-I, Mr. Wong Nai Ping and Mr. Au Kwok Yee, Benjamin as independent non-executive directors.