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 31 MARCH 2008

The Board of Directors of the Company announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008 together with the comparative figures of year 2007 as follows:–

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2008

	Note	**2008** *HK$'000*	2007 *HK$'000*
Turnover	*4*	**245,099**	300,334
Cost of sales		**(232,238)**	(284,494)
Gross profit		**12,861**	15,840
Other revenue	*4*	**3,437**	1,490
Selling and distribution costs		**(2,138)**	(4,404)
Administrative expenses		**(27,273)**	(23,145)
Other operating expenses, net		**(7,137)**	(4,643)
Finance costs	*6*	**(3,885)**	(3,870)
Loss before taxation	5	**(24,135)**	(18,732)
Taxation	*7*	**720**	34
Loss for the year		**(23,415)**	(18,698)
Attributable to:			
Equity holders of the Company		**(21,001)**	(18,398)
Minority interest		**(2,414)**	(300)
		(23,415)	(18,698)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic *(HK cents per share)*	*8*	**(5.14)**	(6.19)
Diluted		**N/A**	N/A

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET

As at 31 March 2008

	Note	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**59,159**	59,933
Prepaid land lease payments		**3,681**	3,942
Long term receivables		**2,660**	2,643
		65,500	66,518
CURRENT ASSETS			
Inventories		**19,077**	24,368
Trade receivables	9	**49,068**	48,723
Prepayments, deposits and other receivables		**7,016**	8,019
Tax recoverable		**–**	53
Pledged deposits		**11,541**	8,370
Bank balances and cash		**35,251**	35,233
		121,953	124,766
Asses classified as held for sale		**–**	2,820
		121,953	127,586
CURRENT LIABILITIES			
Trade payables	10	**14,858**	33,582
Other payables and accruals		**19,758**	22,990
Tax payable		**5,779**	6,000
Interest-bearing bank and other borrowings		**46,775**	43,299
Provision		**575**	575
		87,745	106,446
NET CURRENT ASSETS		**34,208**	21,140
TOTAL ASSETS LESS CURRENT LIABILITIES		**99,708**	87,658
NON CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**(11,389)**	(10,571)
NET ASSETS		**88,319**	77,087
CAPITAL AND RESERVES			
Share capital		**43,690**	38,590
Reserves		**42,608**	34,238
		86,298	72,828
Minority interests		**2,021**	4,259
		88,319	77,087

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 and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. 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. Application of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are effective for the Group's financial year beginning 1 April 2007. The adoption of these new HKFRSs do not result in substantial changes to the Group's accounting policies or financial results except that new and revised disclosures, in particular those in connection with HKFRS 7, "Financial instruments: Disclosures" and amendment to HKAS 1 "Presentation of financial statements – Capital disclosures", have been made in the financial statements. Certain comparative figures have been reclassified to conform to the current year's presentation.

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

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on obligation[1]
HKFRS 2 (Amendment)	Vesting conditions and cancellation[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 12	Service Concession Arrangements[3]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction[3]

[1] *Effective for annual periods beginning on or after 1 January 2009*
[2] *Effective for annual periods beginning on or after 1 July 2009*
[3] *Effective for annual periods beginning on or after 1 January 2008*
[4] *Effective for annual periods beginning on or after 1 July 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.

The directors of the Company also consider that the presentation of geographical segment information is not meaningful as less than 10% of the Group's consolidated turnover and results are attributable to the market outside the Mainland China and less than 10% of the Group's consolidated assets are located outside the Mainland China.

4. Turnover and revenue

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 turnover and other revenue is as follows:

	2008	2007
	HK$'000	*HK$'000*
Turnover		
Sale of goods	**245,099**	300,334
Other revenue		
Bank interest income	**771**	156
Waiver of other payable	**1,933**	–
Reversal of allowance for bad debts	**–**	133
Investment income from long term receivables	**296**	506
Others	**437**	695
	3,437	1,490

5. Loss before taxation

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

	2008	2007
	HK$'000	*HK$'000*
Cost of inventories sold	**232,238**	284,494
Depreciation	**9,583**	10,355
Surplus on revaluation of buildings	**(135)**	–
Bad debts	**74**	243
(Gain)/Loss on disposal of property, plant and equipment	**(1,455)**	110
Loss on disposal of a jointly-controlled entity	**–**	113
Gain on disposal of subsidiaries	**–**	(1,006)
Gain on disposal of prepaid land lease payments	**(254)**	–

6. Finance costs

	2008	2007
	HK$'000	*HK$'000*
Interest on:		
Bank loans and other loans wholly repayable within five years	**3,788**	3,827
Finance leases	**97**	43
	3,885	3,870

7. Taxation

	2008	2007
	HK$'000	*HK$'000*
Current tax:		
Hong Kong		
– charge for the year	**–**	–
– overprovision in prior years	**–**	(95)
Overseas		
– charge for the year	**–**	–
– (overprovision)/underprovision in prior years	**(720)**	61
	(720)	(34)

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 (2007: 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 per share attributable to ordinary equity holders of the company

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company of HK$21,001,000 (2007: HK$18,398,000, and the weight average number of 408,469,000 (2007: 297,335,000) ordinary shares in issue during the year.

Diluted loss per share amounts for the year ended 31 March 2008 and 2007 have not been disclosed, as the share option granted during both years had an anti-dilutive effect on the basic loss per share for both years.

9. Trade receivables

Group

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**49,068**	48,723

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 days). Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

The ageing analysis of the trade receivables net of allowance for doubtful debts was as follows:

Group

	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**23,878**	21,973
31 to 60 days	**10,481**	11,733
61 to 90 days	**11,802**	11,635
Over 90 days	**2,907**	3,382
	49,068	48,723

The carrying amounts of the Group's trade receivables approximate to their fair values.

10. Trade payables

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

Group

	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**7,348**	13,113
31 to 60 days	**4,021**	6,894
61 to 90 days	**1,696**	7,861
Over 90 days	**1,793**	5,714
	14,858	33,582

The carrying amounts of the Group's trade payables approximate to their fair values.

11. Dividend

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2008 (2007: 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 continues its principal business activities in the manufacturing and trading of PVC films in the PRC and recorded a turnover of HK$245,099,000 (2007: HK$300,334,000) which represented a decrease in turnover of approximately 18.39% over that achieved for the corresponding period last year. Gross profit margin had decreased to 5.25% as compared with last year of 5.27%. The decreased in turnover and gross profit margin was mainly due to the higher crude oil price which had adverse effects to the Group in term of sales volume and costs of materials and the Group had disposed two production lines to a third party. The sales volume and average selling price per ton for the year was 21,789 tons and HK$11,249 as compared with 30,140 tons and HK$9,965 for the corresponding period last year which had a decrease of 8,351 tons and increase in the price of HK$1,284 per ton respectively. The net loss attributable to ordinary equity holders of the Company was HK$21,001,000 compared with HK$18,398,000 incurred for the corresponding period last year. The Group's basic loss per share for the year was HK$5.14 cent when compared with HK$6.19 cent for the corresponding period last year.

PROSPECTS

In view of the next year, with the effect of all negative factors, especially the severe price increase of the raw materials, continuing increase of the PRC production cost and appreciation of exchange rate of RMB, the prospect of the group in the next year is still uncertain.

On June 18 2008, the group has entered into the very substantial acquisition agreement with Center Zone Holdings Limited and on June 20 2008, the group has entered into very substantial disposal agreement with Eastern Wide Investments Limited with the aim that the potential development of the group could be promoted by business reorganization through the acquisition and sales agreement.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2008, the Group's bank and other borrowings was amounted to HK$58,164,000 which was an increase of HK$4,294,000 from its borrowings of HK$53,870,000 at the year ended 31 March 2007.

Of the Group's total borrowings at 31 March 2008:

(i) HK$25,517,000 is at floating interest rates and HK$32,647,000 is at fixed interest rates.

(ii) 2.57% is denominated in Hong Kong Dollars and 53.56% is denominated in Renminbi and 43.87% in United States Dollars.

As at 31 March 2008, the Group's bank balances and cash amounted to HK$35,251,000 (as at 31 March 2007: HK$35,233,000). The Group's net asset value amounted to approximately HK$88,319,000 (as at 31 March 2007: HK$77,087,000) with total assets approximately HK$187,453,000 (as at 31 March 2007: HK$194,104,000). Net current assets were approximately HK$34,208,000 (as at 31 March 2007: HK$21,140,000) and the current ratio was 1.39 times (as at 31 March 2007: 1.20 times). The gearing ratio, expressed as the percentage of total borrowings to total net assets, was 65.86% as at 31 March 2008 (as at 31 March 2007: 69.88%).

A wholly owned subsidiary, Dongguan Best Faith Plastic Products Limited (DG Best Faith) had applied for an increase of registered capital by USD3,570,000 from USD6,430,000 to USD10,000,000, which has been approved on 7 June 2007.

A 97.65% owned subsidiary, Dongguan Bestway Plastic Manufactory (DG Bestway) originally had four production lines in existing, two of production lines will move to its wholly owned subsidiary, DG Best Faith located at Shi Shui Kou Village, Qiao Tou Town, Dongguan City. And the remaining of two production lines in DG Bestway were disposed to a third party namely 揭陽市中誠化學工業有限公司 as at a total consideration price of RMB6,800,000 which has a net book value of RMB2,786,000. A gain of RMB3,524,000 arised from the disposal after the expense.

On 23 August 2007, the Company has announced to allot 51,000,000 New Shares at HK$0.41 per Share to Wealth Pod Limited which is incorporated in British Virgins Island and is wholly owned by Mr. Ng Kin Wah (Mr. Ng). Mr. Ng is the independent third party and not connected with the Company or its connected persons (as defined in the Listing Rules). The net proceeds of the Subscription was approximately HK$20.9 million and used as general working capital. The completion of the allotment was on 22 October 2007.

On 7 November 2007, the Company with the Vendor ("Mr. Suen") had entered into an Acquisition Agreement to acquire a biodiesel plant in Suzhou at a total consideration of HK$1,100 million. But on 29 January 2008, the Company announced that Acquisition was cancelled which was due to difficulty in obtain financing.

POST BALANCE SHEET EVENTS

On 18 June 2008, the Company has entered into the Acquisition Agreement with the Vendor (Center Zone Holdings Limited) and the Warrantor to acquire Sale Shares and Sales Debts of two Mongolia Companies namely as Ou Ya Tou Zi Co., Limited ("Existing Metal Company") and Ou Ya Shi You Co., Limited (Existing Coal Company). Existing Metal Company is the holder of Mining Licence of exploitation and mining of the Metal Resources covering 4.88 square k.m. Existing Coal Company is the holder Mining Licence of covering a site area of not less than 200 square k.m. and the exploration, mining and exploitation of Coal Resources.

The Acquisition Price for the two Acquisitions is HK$6,980 million, in which the Existing Metal Company Acquisition is HK$1,280 million (subject to adjustments) which is to be satisfied to the extent of HK$15 million by refundable deposit in cash; to the extent of HK$1,185 million by issue of zero coupon convertible bonds ("First Conversion Shares") and to the extent of HK$80 million by issue of Promissory Note.

The Existing Coal Company Acquisition is HK$5,700 million (subject to adjustments) which is to be satisfied to the extent of HK$5,700 million by issue of zero coupon convertible bonds ("Second Conversion Shares").

On 20 June 2008, the Company has entered into the Disposal Agreement with the Disposal Purchaser namely as Eastern Wide Investments Limited. The Company agreed to sell and the Disposal Purchaser agreed to purchase the Disposal Sales shares and the Disposal Sale Loans of Bestway Plastic Products Limited, Best Faith Plastic Products Limited and Bestget Plastic Products Limited and the Machineries of Rich Ocean Limited at a consideration price of approximately HK$78.8 million which is subject to adjustments of the audited figure as at 31 March 2008.

The Acquisition and the Disposal constitute a very substantial acquisition and a very substantial disposal for the Company respectively under Chapter 14 of Listing Rules of the Stock Exchange of Hong Kong Limited and are subject to the Shareholders' approval. A circular and the notice of the SGM are being prepared by the Company, once it is well prepared, the Company will despatch to the Shareholders as soon as practicable.

CAPITAL EXPENDITURE

During the year ended 31 March 2008, the Group has spent HK$7,648,000 for the modification charge of existing plant and equipment, furniture and fixture (2007: HK$6,268,000).

CHARGE ON GROUP'S ASSETS

The Group pledged bank deposits of HK$11,541,000 as at 31 March 2008 (as at 31 March 2007: HK$8,370,000) in return for granting banking facilities of USD4,000,000 by a principal banker. Certain of the Group's medium term leasehold land and the building with net book value of HK$13,953,000 (as at 31 March 2007: HK$12,518,000) which were pledged to secure a loan of RMB10 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"), Renminbi ("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 31 March 2008, the Group gave a guarantee of banking facilities granted to independent third parties amounting to HK$6,647,000 (as at 31 March 2007: HK$6,074,000).

EMPLOYEES

As at 31 March 2008, the Group had approximately 186 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.

All of the outstanding employee share options were lapsed on 24 March 2008 which was granted on 25 September 2006 to enhance executive/non-executive directors and employees' contributions and continued services to the Company. No share option had been exercised during 25 September 2006 to 24 March 2008.

ANNUAL GENERAL MEETING

The 2008 Annual General Meeting of shareholders of the Company will be held at 38/F., World Trade Centre, 28 Gloucester Road, Causeway Bay, Hong Kong on Wednesday, 10 September 2008 at 9:00 a.m. The notice of the AGM will be published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk under "Latest Companies Information" and the Company's website at http://www.bestwaygroup.com.hk and will also be dispatched to the shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 8 September 2008 to Wednesday, 10 September 2008, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the forthcoming 2008 annual general meeting of the Company, unregistered holders of shares of the Company should ensure that all transfers of shares of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's Share Registrar in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 5 September 2008.

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 31 March 2008 has 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 separated 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 31 March 2008.

PUBLICATION OF ANNUAL RESULTS ON WEBSITE OF THE STOCK EXCHANGE

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk under "Latest Listed Companies Information" and the Company's website at http://www.bestwaygroup.com.hk. The annual report of the Company for the year ended 31 March 2008 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, 18 July 2008

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, Mr. Chim Kim Lun, Ricky, Mr. Fok Po Tin 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.