Bestway

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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

The Board of Directors (the "Board") of Bestway International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim financial statements of the Company and its subsidiaries (collectively known as the "Group") for the six months ended 30 September 2012. The unaudited condensed interim consolidated financial statements were not audited but have been reviewed by the Company's audit committee (the "Audit Committee").

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

	Notes	Six months ended 30 September 2012 (Unaudited) *HK$'000*	2011 (Unaudited) *HK$'000*
Revenue	*4*	**524**	506
Cost of sales		**(500)**	(481)
Gross profit		**24**	25
Other income	*4*	**1**	–
Administrative expenses		**(5,017)**	(1,815)
Other operating expenses, net		**(7)**	(4)
Finance costs	*6*	**–**	(789)
Loss before taxation	*7*	**(4,999)**	(2,583)
Taxation	*8*	**–**	–
Loss for the period		**(4,999)**	(2,583)
Other comprehensive expenses			
Exchange difference arising on translation		**(113)**	(75)
Total comprehensive expenses for the period		**(5,112)**	(2,658)
Loss per share	*10*		
Basic		**(0.14)HK cents**	(0.10)HK cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2012

	Notes	30 September 2012 (Unaudited) HK$'000	31 March 2012 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**162**	208
Exploration and evaluation assets		**2,401**	2,546
Mining rights	*11*	**735,657**	735,657
		738,220	738,411
Current assets			
Trade receivables	*12*	**524**	878
Deposits, prepayments and other receivables		**604**	858
Bank balances and cash		**1,616**	1,792
		2,744	3,528
Current liabilities			
Trade and bills payables	*13*	**500**	832
Other payables and accruals		**1,709**	3,240
Promissory notes	*14*	**–**	20,000
		2,209	24,072
Net current assets/(liabilities)		**535**	(20,544)
Total assets less current liabilities		**738,755**	717,867
Non-current liabilities			
Deferred tax liabilities		**163,913**	163,913
Loan from a shareholder	*15*	**1,000**	–
		164,913	163,913
Net assets		**573,842**	553,954
Capital and reserves			
Share capital		**37,336**	32,336
Reserves		**536,506**	521,618
Total equity		**573,842**	553,954

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

1. General information

Bestway International Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is located at Room 1102C, 11th Floor, Tower I, Admiralty Centre, 18 Harcourt Road, Hong Kong.

The principal activities of the Company are an investment holding company and trading of cotton yarn. During the period, the Company and its subsidiaries (the "Group") were principally involved trading of cotton yarn and engaged in mining business of the natural resources of tungsten. However no active operation of mining business took place at the end of the reporting period.

2. Basis of preparation

These unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2012, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include individual Hong Kong Financial Reporting Standards, HKAS and Interpretations) as disclosed in note 3.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2012.

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

3. Adoption of new or amended HKFRSs

In the current period, the Group has applied the following new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 April 2012.

HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 12 (Amendments)	Deferred Tax - Recovery of Underlying Assets

The adoption of the new and revised HKFRSs had no material impact on the unaudited condensed consolidated financial statements of the Group for the current or prior accounting period.

The Group has not early adopted the following new and revised HKFRSs that have been issued but are not yet effective in the current period:

HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosures of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities[3]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] *Effective for annual periods beginning on or after 1 July 2012*
[2] *Effective for annual periods beginning on or after 1 January 2013*
[3] *Effective for annual periods beginning on or after 1 January 2014*
[4] *Effective for annual periods beginning on or after 1 January 2015*

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

4. Revenue and other income

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue and other income is as follows:

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**524**	506
Other income		
Bank interest income	**1**	–

5. Segment information

The Group determines its operating segment based on the internal reports reviewed by the chief operating decision maker (the "CODM") in order to allocate resources and to assess segment performance.

All of the Group's activities are engaged in the trading of goods business. On 31 December 2009, the Group completed its acquisitions of entire interest in mining companies established in the Mongolia and henceforth became engaged in the mining business. However, no active operation took place between the date of acquisition and the end of the reporting period. Therefore the Group's CODM considers there to be only one operating segment under the requirements of HKFRS 8.

No geographical segment analysis is provided as over 90% of the Group's revenue and contribution to results are derived from the PRC/Mongolia (including Hong Kong) and substantial amount of the Group's assets and liabilities are located in the PRC/Mongolia.

6. Finance costs

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on promissory notes	**–**	789

7. Loss for the period

Loss for the period has been arrived at after charging the followings:

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories sold	**500**	481
Depreciation	**37**	39
Net exchange loss *	**1**	–
Staff costs and wages, including directors' remuneration	**632**	645

* *The item is included in "Other operating expenses, net" on the face of the condensed consolidated statement of comprehensive income.*

8. Taxation

No Hong Kong Profits Tax has been provided as the Group had no assessable profit for the six months ended 30 September 2012 (six months ended 30 September 2011: Nil).

9. Dividend

The Board does not recommend any payment of interim dividend for the six months ended 30 September 2012 (six months ended 30 September 2011: Nil).

10. Loss per share

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss		
Loss for the period attributable to the owners of the Company for the purpose of basic loss per share	**(4,999)**	(2,583)

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**3,692,578**	2,669,563

No diluted loss per share for the six months ended 30 September 2012 and 2011 has been presented as there were no diluted potential shares.

11. Mining rights

	HK$'000
Cost	
At 1 April 2011, 31 March 2012 and 30 September 2012	1,001,130
Amortisation	
At 1 April 2011, 31 March 2012 and 30 September 2012	265,473
Carrying value	
At 30 September 2012 (Unaudited)	735,657
At 31 March 2012 (Audited)	735,657

The mining rights represent the rights to conduct mining activities in the location of Nogoonnuur Soum and Tsengel Soum of Bayan-Ulgii Aimag in Mongolia, and have legal lives of 21 to 26 years, expiring in July 2031, March 2033, December 2035 and July 2036, respectively. The mining operating licenses are issued by Mineral Resources and Petroleum Authority of Mongolia and may be extended for two successive additional periods of 20 years each. In the opinion of the directors, the application for extension is procedural and the Group should be able to renew its mining operation licenses at minimal charges, until all the proven and probable minerals have been mined.

The mining rights are amortised using the units of production method based on the proven and probable mineral reserves under the assumption that the Group can renew the mining rights indefinitely till all proven reserves have been mined.

During the year ended 31 March 2012, the directors of the Company reassessed the recoverable amount of the mining rights with reference to the valuation performed by Messers. Peak Vision Appraisals Limited, an independent qualified professional valuer and determined that no impairment loss in respect of mining rights was identified for the year ended 31 March 2012. The recoverable amount of the mining rights was approximately HK$791,076,000 based on value-in-use calculations and key assumptions adopted including estimated mine reserve based on technical assessment reports and the expectation for market development.

12. Trade receivables

	30 September 2012 (Unaudited) ***HK$'000***	31 March 2012 (Audited) *HK$'000*
Trade receivables	**524**	878

The Group's trading terms with its customers generally ranging from 60 – 90 days. Overdue balances are reviewed regularly by senior management.

The aging analysis of the trade receivables (net of allowance for doubtful debts) at the end of the reporting period is as follows:

	30 September 2012 (Unaudited) ***HK$'000***	31 March 2012 (Audited) *HK$'000*
Within 30 days	**524**	878

The Group's trade receivables balance are neither past due nor impaired as at the reporting date. The Group does not hold any collateral over these balances. Based on past experience, the directors of the Company believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

13. Trade and bills payables

The aging analysis of the trade and bills payables presented based on the invoice date at the end of the reporting period is as follows:

	30 September 2012 (Unaudited) *HK$'000*	31 March 2012 (Audited) *HK$'000*
Within 30 days	**500**	–
31 to 60 days	**–**	832
	500	832

14. Promissory notes

The movement of the promissory notes are set out as below:

	HK$'000
At 1 April 2011	19,214
Interest charge	786
At 31 March 2012 (Audited)	20,000
Early repayment	(20,000)
At 30 September 2012 (Unaudited)	–

The promissory notes carry a coupon interest rate of 1% per annum and will be matured on 31 December 2012. On 18 April 2012, the Group has fully settled the promissory notes with an amount of HK$20,000,000 pursuant to an early redemption proposal offered by the holder of promissory notes.

15. Loan from a shareholder

The loan is from a substantial shareholder of the Company. The amount is interest free, unsecured and is repayable on 30 November 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

For the six months ended 30 September 2012, the Group recorded a revenue of approximately HK$524,000 (six months ended 30 September 2011: HK$506,000). The Group recorded a loss attributable to the owners of the Company of HK$4,999,000 for the six months ended 30 September 2012 (six months ended 30 September 2011: HK$2,583,000). The basic loss per share for the six months ended 30 September 2012 were HK$0.14 cents (six months ended 30 September 2011: HK$0.10 cents).

Capital Structure

As announced by the Group on 26 March 2012, the Company completed the placing of 500,000,000 new shares at the placing price of HK$0.05 per placing share under General Mandate on 16 April 2012. The new shares rank equally among themselves and with the existing shares. The 500,000,000 new shares represented about 15.46% of the issued share capital of the Company prior to the placing and about 13.39% of the enlarged share capital of the Company immediately after the placing.

The directors believe that the above fund raising exercise provided an opportunity to broaden the shareholder base and strengthened the capital base and working capital of the Group. The Group used the net proceeds of the placing as general working capital.

Trading of Goods

The Group recorded a revenue of approximately HK$524,000 (six months ended 30 September 2011: HK$506,000) which represented an increase in revenue of approximately 3.6% over the corresponding period of last year. Gross profit margin had decreased to approximately 4.6% (six months ended 30 September 2011: 4.9%). The Group will take more effort to source more orders from the customers to improve its results.

Mining Business

Since completion of the acquisitions of the Mongolia subsidiaries in December 2009, the operation of the Mongolian tungsten mines has remained stagnant. The Group has re-engaged Ms. Yang Lee (our former executive director who has extensive experience in the resources industry) as consultant and has engaged a Mongolian professional firm to prepare a feasibility study report and an environmental report for the Group to reconsider the overall operating strategy for the mining business in Mongolia. In addition, we have appointed a qualified mineral technical adviser to prepare a resource estimation based on the international reporting standards which are in line with the requirements under chapter 18 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and to provide further assistance in the design of the exploration programs in respect of Mongolian tungsten mines. At the same time, the Company is still seeking for and liaising with several financial advisers in relation to the financing of the capital expenditure for the Mongolian tungsten mines. The Company is also in the course of re-considering the overall operating strategy for Mongolian tungsten mines which includes cooperating with other PRC/ Mongolian mining companies which has exploration and exploitation experience and expertise to develop the Mongolian tungsten mines.

Prospects

Looking ahead, the directors of the Company expect that the operating environment in the trading of goods will be challenging as a sustainable recovery of the world's economy is still uncertain. In order to cope with future challenges and to stay competitive, the Group will look for new customers in order to improve the profit margins for the business. Moreover, we will keep on monitoring the development of mining business and will endeavor to further explore the mining business for a return in the future.

On 17 August 2012, the Group entered into a share purchase agreement with a connected person of the Company in relation to an acquisition of a group of companies which is principally engaged in the business of exploitation and sale of iron ore in the PRC. An announcement relating to the said acquisition to be made by the Company in compliance with the Listing Rules is being prepared and will be published by the Company as soon as practicable. Relevant details are set out in the announcements of the Company dated 20 August 2012 and 7 September 2012.

For the purpose of sustaining long term growth and maximising the shareholders' wealth, the directors will continue to explore all potential opportunities to broaden the Group's income and development.

Liquidity and Financial Resources

As at 30 September 2012, the Group's bank balances and cash amounted to approximately HK$1,616,000 (31 March 2012: HK$1,792,000). The Group's net assets value amounted to approximately HK$573,842,000 (31 March 2012: HK$553,954,000) with total assets approximately HK$740,964,000 (31 March 2012: HK$741,939,000). Net current assets were approximately HK$535,000 (31 March 2012: net current liabilities HK$20,544,000). The current ratio was 1.24 times (31 March 2012: 0.15 times).

The gearing ratio 0.23 (31 March 2012: 0.25) expressed as the percentage of total liabilities over total assets.

Charges on Group Assets

As at 30 September 2012, the Group did not have any charge on group assets (31 March 2012: Nil).

Exposure to Foreign Exchange Fluctuation

The Group' mainly operates in Hong Kong, Mainland China and Mongolia. The Group's assets and liabilities are mainly denominated in Hong Kong dollars ("**HKD**"), Renminbi ("**RMB**"), United States dollars ("**USD**") and Mongolia Tugrik ("**MNT**"). The Group does not have a foreign currency hedging policy.

During the period under review, the Group did not have any material foreign exchange exposure.

Capital Commitments

As at 30 September 2012, the Group did not have significant capital commitments (31 March 2012: Nil).

Contingent Liabilities

As at 30 September 2012, the Group did not have significant contingent liabilities (31 March 2012: Nil).

Employee Information

As at 30 September 2012, the Group had approximately 8 full time managerial, administrative employees. The Group affords competitive remuneration packages to its employees based on prevailing and industry practice. Compensation policies are reviewed regularly and are designed to reward and motivate productivity and performance.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2012 (six months ended 30 September 2011: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

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

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 September 2012, the Board has adopted and complied with the "The Code on Corporate Governance Practices (the CG Codes)" in so far they are applicable except for the following deviations.

CG Codes provision A.2.1, it stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following the resignation of Mr. Tang Kuan Chien at the meeting of the board of directors of the Company held on 2 November 2009, he ceased to be chairman, chief executive officer, executive director and authorised representative of the Company with effect from 2 November 2009. The Company is still looking for suitable candidates to fill the vacancies of chairman and chief executive officer as soon as practicable and further announcement will be made by the Company upon fulfillment of those requirements under the Listing Rules.

CG Codes provision A.4.1 stipulates that non-executive directors should be appointed for a specific term subject to re-election. Independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company. As such, the Board is of the view that the non-executive directors need not be appointed for a specific term.

According to the code provision A.6.7 of the CG Codes, the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. An independent non-executive Director was unable to attend the annual general meeting (the "**AGM**") of the Company held on 22 August 2012 due to various work commitments.

CG Codes provision E.1.2, it stipulates that the chairman of the Board should attend the AGM. The chairman did not attend the 2012 AGM due to the chairman is vacated. An executive director had chaired the 2012 AGM and answered questions from the shareholders.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code of Securities Transactions by Directors by Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as its own code of directors. Upon enquiry by the Company, all directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2012.

AUDIT COMMITTEE

The Company has an audit committee (the "**Audit Committee**") which was established in accordance with the requirements of the CG Codes for the purposes of reviewing the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors of the Company. The members of the Audit Committee (Ms. Lau Siu Ngor, Mr. Au Kwok Yee Benjamin and Mr. Lum Pak Sum) have reviewed the unaudited financial statements of the Group for the six months ended 30 September 2012 and are of the opinion that such statements comply the applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (http://www.irasia.com/listco/hk/bestway/index.htm) and the Stock Exchange (http://www.hkex.com.hk). The interim report of the Company for 2012 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and made available on the above websites in due course.

APPRECIATION

I take this opportunity to express our gratitude to the shareholders of the Company for their continued support and our directors and our staffs for their contribution to the Company.

On behalf of the Board
Bestway International Holdings Limited
Chim Kim Lun Ricky
Executive Director

Hong Kong, 27 November 2012

As at the date of this announcement, the executive Directors are Mr. Chim Kim Lun Ricky and Mr. Law Fei Shing, and independent non-executive Directors are Mr. Au Kwok Yee Benjamin, Ms. Lau Siu Ngor and Mr. Lum Pak Sum.