Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Bestway Global Holding Inc.

榮威國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3358)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2019

The board of directors (the "**Directors**") (the "**Board**") of Bestway Global Holding Inc. (the "**Company**") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**", "**we**" or "**our**") for the six months ended June 30, 2019, together with the comparative figures for the corresponding periods in 2018.

FINANCIAL HIGHLIGHTS

	For the six months ended June 30,			
	2019	2018	Change	Change
	US$	*US$*	*(US$)*	*(%)*
	(unaudited)	(unaudited)		
Revenue from contracts with customers	**601,691,932**	525,102,625	76,589,307	14.6
Gross profit	**154,726,520**	124,941,687	29,784,833	23.8
Gross profit margin	**25.7%**	23.8%	N/A	1.9[(1)]
EBITDA	**74,796,612**	57,971,909	16,824,703	29.0
Net profit	**45,479,262**	36,778,946	8,700,316	23.7
Net profit margin	**7.6%**	7.0%	N/A	0.6[(1)]
Net cash inflow from operating activities	**78,643,650**	22,587,527	56,056,123	248.2
Earnings per share				
– Basic	**0.0418**	0.0337	0.0081	24.0
– Diluted	**0.0417**	0.0336	0.0081	24.1

Note 1: These figures represent the change of percentage points.

INTERIM DIVIDEND

The Board did not recommend payment of interim dividend for the six months ended June 30, 2019.

FINANCIAL INFORMATION

The financial information set out below in this announcement represents an extract from the condensed consolidated interim financial information, which is unaudited but has been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

		Six months ended June 30	
	Note	**2019**	2018
		Unaudited	Unaudited
		US$	*US$*
Revenue from contracts with customers	*8*	**601,691,932**	525,102,625
Cost of sales	*8*	**(446,965,412)**	(400,160,938)
Gross profit		**154,726,520**	124,941,687
Selling and distribution expenses		**(59,508,648)**	(54,393,673)
General and administrative expenses		**(39,763,954)**	(33,308,494)
Net impairment losses on financial and contract assets		**(3,391,209)**	(892,353)
Other income		**4,428,943**	7,316,538
Other gains – net		**6,116,022**	5,749,001
Operating profit	*9*	**62,607,674**	49,412,706
Finance income		**323,602**	212,563
Finance expenses		**(6,518,240)**	(3,527,394)
Finance expenses – net		**(6,194,638)**	(3,314,831)
Profit before income tax		**56,413,036**	46,097,875
Income tax expense	*10*	**(10,933,774)**	(9,318,929)
Profit for the period		**45,479,262**	36,778,946
Profit attributable to:			
Shareholders of the Company		**44,198,146**	35,679,586
Non-controlling interests		**1,281,116**	1,099,360
		45,479,262	36,778,946
Earnings per share for profit attributable to shareholders of the Company during the period			
– Basic earnings per share	*11*	**0.0418**	0.0337
– Diluted earnings per share	*11*	**0.0417**	0.0336

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Six months ended June 30	
	2019	2018
	Unaudited	Unaudited
	US$	*US$*
Profit for the period	**45,479,262**	36,778,946
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	**(866,196)**	(6,118,475)
Other comprehensive income for the period, net of tax	**(866,196)**	(6,118,475)
Total comprehensive income for the period	**44,613,066**	30,660,471
Attributable to:		
– Shareholders of the Company	**43,168,746**	29,908,990
– Non-controlling interests	**1,444,320**	751,481
Total comprehensive income for the period	**44,613,066**	30,660,471

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	**June 30, 2019 Unaudited** *US$*	December 31, 2018 Audited *US$*
Assets			
Non-current assets			
Land use rights	*13*	**37,062,572**	34,359,812
Property, plant and equipment	*13*	**299,986,032**	295,739,921
Right-of-use assets	*4*	**846,245**	–
Investment properties	*13*	**8,165,836**	8,477,978
Intangible assets	*13*	**891,375**	1,042,848
Deferred tax assets	*14*	**4,630,101**	4,632,922
Financial assets at fair value through other comprehensive income		**643,539**	643,539
Prepayments and other receivables		**2,507,643**	2,511,845
		354,733,343	347,408,865
Current assets			
Inventories		**220,800,135**	331,024,863
Contract assets		**–**	35,093
Trade receivables	*15*	**227,963,154**	209,219,454
Prepayments and other receivables		**47,646,405**	44,540,962
Financial assets at fair value through profit or loss	*16*	**23,915,475**	17,542,213
Derivative financial instruments	*17*	**144,938**	1,031,011
Restricted cash		**11,921,904**	9,280,173
Cash and cash equivalents		**127,393,088**	31,574,293
		659,785,099	644,248,062
Total assets		**1,014,518,442**	991,656,927
Equity and liabilities			
Equity attributable to shareholders of the Company			
Share capital	*18*	**1,355,633**	1,355,633
Share premium	*18*	**140,636,893**	140,636,893
Other reserves		**298,029,763**	267,337,647
		440,022,289	409,330,173
Non-controlling interests		**1,022,864**	(421,456)
Total equity		**441,045,153**	408,908,717

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	**June 30, 2019 Unaudited** *US$*	December 31, 2018 Audited *US$*
Liabilities			
Non-current liabilities			
Borrowings	*20*	**120,253,613**	21,218,752
Lease liabilities		**712,019**	–
Deferred tax liabilities	*14*	**821,791**	744,426
Other payables and accruals		**10,767,922**	18,294,396
Retirement benefit obligations	*21*	**482,990**	409,860
Deferred income on government grants		**4,072,124**	4,321,769
		137,110,459	44,989,203
Current liabilities			
Trade payables	*22*	**105,836,151**	184,284,396
Other payables and accruals		**90,950,494**	89,841,251
Contract liabilities		**4,351,340**	13,443,145
Due to related parties	*24(b)*	**2,439,015**	2,760,157
Current income tax liabilities		**10,927,785**	8,326,916
Borrowings	*20*	**202,149,599**	216,378,091
Lease liabilities		**143,185**	–
Derivative financial instruments	*17*	**6,547,052**	22,725,051
Dividends payable		**13,018,209**	–
		436,362,830	537,759,007
Total liabilities		**573,473,289**	582,748,210
Total equity and liabilities		**1,014,518,442**	991,656,927

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Bestway Global Holding Inc. (the "**Company**") was incorporated on June 25, 2012 in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company, an investment holding company, and its subsidiaries (together, the "**Group**") are principally engaged in the manufacturing and sales of high quality and innovative PVC sporting and leisure products in the Europe, North America, People's Republic of China (the "**PRC**") and other global markets.

The Company's shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited ("**Stock Exchange**") since November 16, 2017.

The Group is ultimately controlled by Mr. Zhu Qiang together with his immediate family member through Great Access Industry Inc. ("**Great Access**") and Great Success Enterprises Holdings Limited ("**Great Success**").

This condensed consolidated interim financial statements is presented in United States Dollars ("**US$**"), unless otherwise stated. This condensed consolidated interim financial statements has been approved by the Board of Directors on August 19, 2019.

This condensed consolidated interim financial statements has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial statements for the six months ended June 30, 2019 has been prepared in accordance with Hong Kong Accounting Standards ("**HKAS**") 34, "Interim financial reporting". The condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") except for the adoption of new and amended standards as disclosed in Note 3.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2018, as described in those annual financial statements except for the estimation of income tax and the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, and the Group had to change its accounting policies as a result of adopting HKFRS 16 Leases.

The impact of the adoption of the leasing standard is disclosed in Note 4 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

(b) New standards, amendments and interpretations to existing standards effective in 2019 but not relevant to the Group.

		Effective for annual periods beginning on or after
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation	January 1, 2019
HKAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures	January 1, 2019
HKAS 19 (Amendment)	Plan Amendment, Curtailment or Settlement	January 1, 2019
HKFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019
Annual Improvements to HKFRS Standards 2015-2017 Cycle	HKFRS 3 Business Combinations HKFRS 11 Joint Arrangements HKAS 23 Borrowing Cost	January 1, 2019

(c) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on January 1, 2019 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts	January 1, 2021
Amendments to HKAS 1 and HKAS 8	Definition of Material	January 1, 2020
Amendments to HKFRS 3	Definition of a Business	January 1, 2020
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting	January 1, 2020
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

4 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 Lease on the Group's financial statements and discloses the new accounting policies that have been applied from January 1, 2019 below.

The Group has adopted HKFRS 16 from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on January 1, 2019.

(a) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 5%.

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

Operating lease commitments disclosed as at December 31, 2018	4,815,776
Less: short-term leases recognised on a straight-line basis as expense	(2,128,754)
Less: leases terminated in advance	(1,572,470)
	1,114,552
Discounted using the lessee's incremental borrowing rate as at the date of initial application:	
Lease liability recognised as at January 1, 2019	926,797
Of which are:	
Current lease liabilities	143,185
Non-current lease liabilities	783,612
	926,797

The right-of-use assets were measured at the amount equal to the lease liability adjusted by the amount of any prepaid rental expenses relating to that lease recognised in the balance sheet as at January 1, 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	June 30, 2019	January 1, 2019
Buildings	**846,245**	926,797
Total right-of-use assets	**846,245**	926,797

The change in accounting policy affected the following items in the balance sheet on January 1, 2019:

- Right-of-use assets – increase by US$926,797
- Current lease liabilities – increase by US$143,185
- Non-current lease liabilities – increase by US$783,612

There is no impact on retained earnings on January 1, 2019.

(i) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HKFRIC 4 Determining whether an Arrangement contains a Lease.

(b) The Group's leasing activities and how these are accounted for

The Group leases various offices. Rental contracts are typically made for fixed periods but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments).

The lease payments are discounted using incremental borrowing rate of the Group which the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability, and
- any lease payments made at or before the commencement date

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension options are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

5 ESTIMATES

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2018.

6 FINANCIAL RISK MANAGEMENT

6.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2018.

There have been no changes in the risk management department since year end or in any risk management policies.

6.2 Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements – for example, currency restrictions.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year *US$*	Between 1 and 2 years *US$*	Between 2 and 5 years *US$*	Total *US$*
At June 30, 2019 (unaudited)				
Borrowings	**202,149,599**	**37,208,937**	**83,044,676**	**322,403,212**
Interest payables for borrowings	**9,204,040**	**6,547,909**	**4,061,288**	**19,813,237**
Lease Liabilities	**143,185**	**712,019**	**–**	**855,204**
Trade payables	**105,836,151**	**–**	**–**	**105,836,151**
Other payables	**42,351,994**	**9,142,173**	**1,137,847**	**52,632,014**
Due to related parties	**2,439,015**	**–**	**–**	**2,439,015**
Dividends payable	**13,018,209**	**–**	**–**	**13,018,209**
	375,142,193	**53,611,038**	**88,243,811**	**516,997,042**
At December 31, 2018 (audited)				
Borrowings	216,378,091	–	21,218,752	237,596,843
Interest payables for borrowings	4,737,822	1,209,133	882,072	6,829,027
Trade payables	184,284,396	–	–	184,284,396
Other payables	56,265,889	17,307,242	576,609	74,149,740
Due to related parties	2,760,157	–	–	2,760,157
	464,426,355	18,516,375	22,677,433	505,620,163

6.3 Fair value estimation

The Group adopts the amendment to HKFRS 13 for financial instruments that are measured in the consolidated balance sheets at fair value, which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value as at June 30, 2019 and December 31, 2018.

	Level 2 *US$*	Level 3 *US$*	Total *US$*
At June 30, 2019 (unaudited)			
Financial assets at fair value through other comprehensive income			
– Unlisted equity interests	**–**	**643,539**	**643,539**
Financial assets at fair value through profit or loss *(Note 16)*			
– Wealth management products	**849,391**	**–**	**849,391**
– Investment fund	**23,066,084**	**–**	**23,066,084**
Derivative financial instruments *(Note 17)*			
– Forward foreign exchange contracts	**144,938**	**–**	**144,938**
Total assets	**24,060,413**	**643,539**	**24,703,952**
Derivative financial instruments *(Note 17)*			
– Forward foreign exchange contracts	**6,547,052**	**–**	**6,547,052**
Total liabilities	**6,547,052**	**–**	**6,547,052**
At December 31, 2018 (audited)			
Financial assets at fair value through other comprehensive income			
– Unlisted equity interests	–	643,539	643,539
Financial assets at fair value through profit or loss *(Note 16)*			
– Wealth management products	422,213	–	422,213
– Investment fund	17,120,000	–	17,120,000
Derivative financial instruments *(Note 17)*			
– Forward foreign exchange contracts	1,031,011	–	1,031,011
Total assets	18,573,224	643,539	19,216,763
Derivative financial instruments *(Note 17)*			
– Forward foreign exchange contracts	22,725,051	–	22,725,051
Total liabilities	22,725,051	–	22,725,051

Valuation techniques used to derive fair value (Level 2)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fairly value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value, and
- Other techniques.

Fair value measurements using significant unobservable inputs (Level 3)

For the Group's investments in equity securities in level 3 that are not publicly traded, the Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date to assess the fair value.

During the period ended June 30, 2019 and the year ended December 31, 2018, there were no transfers among levels of the fair value hierarchy used in measuring the fair value of financial instruments, and also no changes in the classification of financial assets as a result of a change in the purpose or use of those assets.

7 SEGMENT INFORMATION

The executive directors are the Group's chief operating decision-makers. The executive directors review the Group's internal reporting in order to assess performance and allocate resources.

The production bases are all located in Mainland China, while products are sold to many countries in the world. The raw materials used for all product lines are identical and their production process is similar. Executive directors review business and operating results taking all products and all territories as a whole, and analyse revenues by territory. The executive directors therefore have determined that no geographical or product group segment information for operating results is presented.

Revenue from external customers by country, based on the destination of the customers:

	Six months ended June 30	
	2019	2018
	Unaudited	Unaudited
	US$	*US$*
Europe *(i)*	**342,557,000**	280,539,437
North America *(ii)*	**196,452,835**	181,974,016
Asia Pacific *(iii)*	**28,292,224**	29,496,864
Including: Mainland China	**12,656,140**	17,468,888
Rest of the world *(iv)*	**34,389,873**	33,092,308
Total	**601,691,932**	525,102,625

Note:

(i) Europe refers to countries in the European Economic Area, Russia, Georgia, Switzerland, Turkey, Kazakhstan, Kyrgyzstan, Albania, Andorra, Bosnia and Hercegovina, Macedonia, Moldavia, Serbia, Montenegro and Ukraine.

(ii) North America refers to the United States of America, Canada and Puerto Rico.

(iii) Asia Pacific refers to Asia (excluding Middle East) and Australia.

(iv) Rest of the world refers to Middle East, Africa and Latin America.

Non-current assets, other than financial instruments and deferred tax assets, by territory:

	As at	
	June 30, 2019	December 31, 2018
	Unaudited	Audited
	US$	*US$*
Europe	**2,774,246**	2,122,977
North America	**3,189,334**	3,203,053
Asia Pacific	**343,266,890**	336,806,239
Including: Mainland China	**338,537,038**	336,733,455
Rest of the world	**229,233**	135
Total	**349,459,703**	342,132,404

8 REVENUE FROM CONTRACTS WITH CUSTOMERS AND COST OF SALES

	Six months ended June 30			
	2019		2018	
	Revenue	**Cost of sales**	Revenue	Cost of sales
	Unaudited	**Unaudited**	Unaudited	Unaudited
	US$	***US$***	*US$*	*US$*
Above-ground pools and portable spas	**293,054,339**	**221,003,927**	235,045,541	181,809,517
Recreation products	**118,326,318**	**86,446,019**	110,081,717	85,555,705
Camping products	**102,664,738**	**80,397,556**	97,713,666	75,536,965
Sporting goods	**87,646,537**	**59,117,910**	82,261,701	57,258,751
	601,691,932	**446,965,412**	525,102,625	400,160,938

9 OPERATING PROFIT

An analysis of the amounts presented as operating items in the financial information is given below.

	Six months ended June 30	
	2019	2018
	Unaudited	Unaudited
	US$	*US$*
Change in work in progress and finished goods	**97,736,864**	44,307,448
Raw materials and consumables used	**269,200,442**	258,931,119
Wages and salaries, social welfare and benefits, including directors' emoluments	**77,314,416**	85,819,360
Transportation expenses	**22,749,166**	16,564,912
Depreciation and amortisation	**12,188,938**	8,559,203
Processing fee	**5,995,347**	16,078,880
Service fees and commissions	**9,955,109**	10,834,169
Utility fee	**8,880,710**	8,877,023
Advertising and promotion expenses	**6,091,007**	6,331,517
Provision for impairment of trade and other receivables	**3,391,209**	892,353
Write-down of inventories	**69,731**	716,571
Government grants	**(1,276,065)**	(1,711,339)
Amortisation of deferred government grants	**(242,617)**	(476,035)
Losses on disposal of property, plant and equipment	**1,613,503**	10,149
Unrealised fair value changes on derivative financial instruments	**(15,291,926)**	1,048,881
Realised losses/(gains) on derivative financial instruments	**10,518,326**	(272,488)
Net foreign exchange gains	**(1,503,277)**	(6,247,012)

10 INCOME TAX EXPENSE

The amounts of tax expense charged to the consolidated statements of profit or loss represent:

	Six months ended June 30	
	2019	2018
	Unaudited	Unaudited
	US$	*US$*
Current income tax	**10,856,390**	10,074,395
Deferred income tax *(Note 14)*	**77,384**	(755,466)
Income tax expenses – net	**10,933,774**	9,318,929

(i) Cayman Islands profit tax

The Company is not subject to any taxation in the Cayman Islands.

(ii) British Virgin Islands ("BVI") profits tax

Bestway Resources Group Company Limited, one of the Company's subsidiaries, which is incorporated in the BVI is exempted from BVI income tax, as it is incorporated under the International Business Companies Act of the BVI. The Company's another subsidiary incorporated in the BVI, Bestway Enterprise Company Limited, is subject to Hong Kong profits tax, as its main operations are in Hong Kong and therefore a Hong Kong tax resident.

(iii) Hong Kong profits tax

The Company's subsidiaries including Bestway Enterprise Company Limited and Bestway (Hong Kong) International Limited are subject to Hong Kong profits tax. The applicable Hong Kong profits tax rate is 16.5% for the reporting period.

(iv) PRC corporate income tax ("CIT")

CIT is provided on the assessable income of entities within the Group incorporated in the PRC. The applicable CIT tax rate is 25% except for a subsidiary which is qualified as High and New Technology Enterprises and entitled to enjoy a beneficial tax rate of 15% from 2016 to 2018.

(v) Overseas profits tax

Overseas profits tax has been provided at the rates of taxation prevailing in the countries in which the Group operates, with the range from 5% to 41%, during the reporting period.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate to profits of the consolidated entities.

11 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the net profit attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue for each six months ended June 30, 2019 and 2018.

	Six months ended June 30	
	2019	2018
	Unaudited	Unaudited
Profit attributable to the shareholders of the Company *(US$)*	**44,198,146**	35,679,586
Weighted average number of ordinary shares in issue	**1,058,391,000**	1,058,391,000
Basic earnings per share *(US$)*	**0.0418**	0.0337

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's potentially dilutive ordinary shares comprised of share options.

	Six months ended June 30	
	2019	2018
	Unaudited	Unaudited
Profit attributable to the shareholders of the Company *(US$)*	**44,198,146**	35,679,586
Weighted average number of ordinary shares in issue	**1,058,391,000**	1,058,391,000
Adjustments for share options	**1,156,195**	2,245,726
	1,059,547,195	1,060,636,726
Diluted earnings per share *(US$)*	**0.0417**	0.0336

12 DIVIDENDS

A dividend of US$13,018,209 for the year ended December 31, 2018 was declared in April 2019 (six months ended June 30, 2018: a dividend of US$14,288,279 for the year ended December 31, 2017 were declared and paid).

13 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY, LAND USE RIGHTS AND INTANGIBLE ASSETS

	Land use rights *US$*	Property, plant and equipment *US$*	Investment property *US$*	Intangible assets *US$*
Six months ended June 30, 2019 (unaudited)				
Opening net book amount as at January 1, 2019	**34,359,812**	**295,739,921**	**8,477,978**	**1,042,848**
Currency translation differences	**(57,158)**	**(497,884)**	**(13,934)**	**(3,376)**
Additions	**3,145,111**	**18,385,735**	**–**	**150,287**
Disposals	**–**	**(2,216,931)**	**–**	**–**
Depreciation charge	**(385,193)**	**(11,424,809)**	**(298,208)**	**(298,384)**
Closing net book amount as at June 30, 2019	**37,062,572**	**299,986,032**	**8,165,836**	**891,375**
Six months ended June 30, 2018 (unaudited)				
Opening net book amount as at January 1, 2018	25,273,107	223,818,719	–	567,649
Currency translation differences	(355,659)	(4,126,593)	–	(16,041)
Additions	13,377,034	36,961,743	–	570,312
Disposals	–	(1,127,195)	–	–
Depreciation charge	(361,312)	(8,047,316)	–	(150,575)
Closing net book amount as at June 30, 2018	37,933,170	247,479,358	–	971,345

14 DEFERRED INCOME TAX

Deferred income tax assets

	Six months ended June 30	
	2019	2018
	Unaudited	Unaudited
	US$	*US$*
Opening balance at January 1	**4,632,922**	4,635,071
Credited to the condensed consolidated statement of profit or loss *(Note 10)*	**1,448**	918,612
Currency translation differences	**(4,269)**	(156,262)
Closing balance at June 30	**4,630,101**	5,397,421

Deferred income tax liabilities

	Six months ended June 30	
	2019	2018
	Unaudited	Unaudited
	US$	*US$*
Opening balance at January 1	**744,426**	784,826
Charged to the condensed consolidated statement of profit or loss *(Note 10)*	**78,832**	163,146
Currency translation differences	**(1,467)**	(9,245)
Closing balance at June 30	**821,791**	938,727

15 TRADE RECEIVABLES

	As at	
	June 30, 2019	December 31, 2018
	Unaudited	Audited
	US$	*US$*
Trade receivables	**233,386,017**	211,484,074
Less: allowance for impairment of trade receivables	**(5,422,863)**	(2,264,620)
Trade receivables – net	**227,963,154**	209,219,454

The carrying amounts of trade receivables approximated their fair values as at the respective balance sheet dates.

As at December 31, 2018 and June 30, 2019, the ageing analysis of the trade receivables based on invoice date is as follows:

	As at	
	June 30, 2019	December 31, 2018
	Unaudited	Audited
	US$	*US$*
Up to 3 months	**149,718,038**	133,298,889
4 to 6 months	**54,505,725**	30,814,255
7 to 12 months	**25,569,957**	47,210,782
Over 1 year	**3,592,297**	160,148
	233,386,017	211,484,074

The credit terms granted to customers by the Group are normally 30 to 240 days.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	As at	
	June 30, 2019	December 31, 2018
	Unaudited	Audited
	US$	*US$*
US$	**195,361,150**	205,906,827
EUR	**32,339,981**	3,073,849
RMB	**5,684,886**	2,476,631
Other currencies	**–**	26,767
	233,386,017	211,484,074

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	June 30, 2019	December 31, 2018
	Unaudited	Audited
	US$	*US$*
Investment Fund	**23,066,084**	17,120,000
Wealth management products	**849,391**	422,213
	23,915,475	17,542,213

Financial assets at fair value through profit or loss are US$, EUR and Chilean peso denominated financial products.

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'other gains – net' in the consolidated statements of profit or loss.

17 DERIVATIVE FINANCIAL INSTRUMENTS

	As at			
	June 30, 2019		December 31, 2018	
	Assets	**Liabilities**	Assets	Liabilities
	Unaudited	**Unaudited**	Audited	Audited
	US$	***US$***	*US$*	*US$*
Forward foreign exchange contracts	**144,938**	**6,547,052**	1,031,011	22,725,051

The notional principal amounts of the forward foreign exchange contracts at June 30, 2019 and December 31, 2018 were US$411,239,679 and US$596,389,640, respectively.

18 SHARE CAPITAL AND SHARE PREMIUM

	Number of issued ordinary shares	**Share capital**	**Share premium**	**Total**
		US$	***US$***	***US$***
At January 1, 2019 and June 30, 2019	1,058,391,000	1,355,633	140,636,893	141,992,526
At January 1, 2018 and June 30, 2018	1,058,391,000	1,355,633	140,636,893	141,992,526

19 SHARE-BASED PAYMENTS

Employees share option scheme

As approved by the Board meeting on December 18, 2017, 10,000,000 share options were granted to certain employee at an exercise price of HKD3.028 per share. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The employee accepted the share options.

The options are exercisable during the following periods, during which the employees should remain in the Group's employment.

(a) The first tranche of 2,500,000 options are exercisable during the period from December 18, 2018 to December 18, 2022.

(b) The second tranche of 2,500,000 options are exercisable during the period from December 18, 2019 to December 18, 2022.

(c) The third tranche of 2,500,000 options are exercisable during the period from December 18, 2020 to December 18, 2022.

(d) The fourth tranche of 2,500,000 options are exercisable during the period from December 18, 2021 to December 18, 2022.

As approved by the Board meeting on March 20, 2018, 19,070,000 share options were granted to certain directors and employees at an exercise price of HKD4.346 per share. The Group has no legal or constructive obligation to repurchase or settle the options in cash. These directors and employees accepted the share options.

As approved by the Board meeting on April 2, 2019, the Group cancelled partial employees option granted on March 20, 2018, total option quantity of cancellation is 5,110,000 and made a new arrangement of cash-settled bonus payments to these employees.

The remaining options are exercisable during the following periods, during which the employees should remain in the Group's employment.

(a) The first tranche of 3,490,000 options are exercisable during the period from March 20, 2019 to March 20, 2023.

(b) The second tranche of 3,490,000 options are exercisable during the period from March 20, 2020 to March 20, 2023.

(c) The third tranche of 3,490,000 options are exercisable during the period from March 20, 2021 to March 20, 2023.

(d) The fourth tranche of 3,490,000 options are exercisable during the period from March 20, 2022 to March 20, 2023.

Movements in the number of share options outstanding and their related weighted average exercise prices for the period ended June 30, 2019 and 2018 were as follows:

	2019		2018	
	Weighted average exercise price in HKD	**Number of options**	Weighted average exercise price in HKD	Number of options
At January 1	**3.893**	**29,070,000**	3.028	10,000,000
Granted	**–**	**–**	4.346	19,070,000
Cancelled	**4.346**	**(5,110,000)**	–	–
At June 30	**3.796**	**23,960,000**	3.893	29,070,000

Share options outstanding as at June 30, 2019 have the following expiry dates and exercise prices:

Expiry date	**Exercise price** *HKD per share*	**Number of options**
December 18, 2022	3.028	10,000,000
March 20, 2023	4.346	13,960,000
		23,960,000

The total fair value, which was determined by using Binomial Option-Pricing Model, of the options granted under the share option scheme as at the grant date is approximately HKD28,954,106 (equivalent to US$3,695,482). After cancellation of part of the share options mentioned above, the total fair value is approximately HKD15,515,924 (equivalent to US$1,978,215).

	Granted on December 18, 2017
Exercise price	HKD3.028
Expected volatility	37.63%
Expected dividend yield	3.17%
Risk free rate	1.56%

	Granted on March 20, 2018
Exercise price	HKD4.346
Expected volatility	37.41%
Expected dividend yield	2.51%
Risk free rate	1.68%

The expected volatility is determined by calculating the historical volatility of the price of listed companies with businesses similar to the Group. The expected dividend yield is determined by the directors based on the expected future performance and dividend policy of the Group.

The share option expense charged to the consolidated statement of profit or loss during the period ended June 30, 2019 and June 30, 2018 was approximately HKD4,247,818 (equivalent to US$541,579) and HKD5,032,463 (equivalent to US$642,627).

20 BORROWINGS

	As at	
	June 30, 2019	December 31, 2018
	Unaudited	Audited
	US$	*US$*
Non-current		
Bank borrowings		
– Secured	**35,474,472**	21,218,752
– Unsecured	**90,783,868**	–
Less: current portion of long-term bank borrowings	**(6,004,727)**	–
	120,253,613	21,218,752
Current		
Bank borrowings		
– Secured	**65,004,778**	213,454,391
– Unsecured	**131,140,094**	2,923,700
Add: current portion of long-term bank borrowings	**6,004,727**	–
	202,149,599	216,378,091
Total borrowings	**322,403,212**	237,596,843

Movements in borrowings is analysed as follows:

	US$
Six months ended June 30, 2019 (unaudited)	
Opening amount as at January 1, 2019	**237,596,843**
Proceeds of new borrowings	**238,156,834**
Repayments of borrowings	**(154,089,940)**
Currency translation differences	**739,475**
Closing amount as at June 30, 2019	**322,403,212**
Six months ended June 30, 2018 (unaudited)	
Opening amount as at January 1, 2018	157,830,554
Proceeds of new borrowings	158,428,343
Repayments of borrowings	(133,579,236)
Currency translation differences	11,297,563
Closing amount as at June 30, 2018	193,977,224

(a) Bank borrowings

As at June 30, 2019, the secured bank borrowings were secured as follows:

1> the bank borrowings amounting to RMB4,850,000 (equivalent to US$705,485) and EUR 2,560,345 (equivalent to US$2,911,136) were secured by trade receivables amounting to US$1,938,654 and EUR 3,200,431 (equivalent to US$3,638,921), respectively;

2> the bank borrowings amounting to RMB591,039,328 (equivalent to US$85,973,108) and US$10,889,521 were secured by buildings, land use rights, investment properties, deposits, machinery and factory equipment, with net book value of RMB811,045,986 (equivalent to US$117,975,473), RMB189,853,058, (equivalent to US$27,616,195), RMB56,137,673 (equivalent to US$8,165,836), US$1,443,965 and RMB72,406,381 (equivalent to US$10,532,297), respectively;

As at December 31, 2018, the secured bank borrowings were secured as follows:

1> the bank borrowings amounting to RMB12,850,000 (equivalent to US$1,872,304) and EUR498,265 (equivalent to US$569,707) were secured by trade receivables amounting to US$1,938,654 and EUR 622,832 (equivalent to US$712,133), respectively;

2> the bank borrowings amounting to RMB195,000,000 (equivalent to US$28,412,402) and US$4,322,575, were secured by buildings, land use rights, investment properties with net book value of RMB122,993,810 (equivalent to US$17,920,767), RMB31,546,303 (equivalent to US$4,596,443), and RMB58,186,062 (equivalent to US$8,477,978), respectively;

3> the bank borrowings amounting to US$49,108,234 and RMB581,450,000 (approximately US$84,719,956) were guaranteed by subsidiaries of the Company;

4> the bank borrowings amounting to RMB89,980,074 (equivalent to US$13,110,513) and US$13,470,650 were secured by buildings, land use rights, trade receivables and deposits amounting to RMB88,038,631 (equivalent to US$12,827,636), RMB6,095,594 (equivalent to US$888,156), US$17,627,799 and US$1,443,965, respectively;

5> the bank borrowings amounting to RMB199,628,542 (equivalent to US$29,086,802) and US$10,000,000 were secured by buildings, land use rights, and machinery and factory equipment with net book value of RMB626,330,866 (equivalent to US$91,259,306), RMB154,413,507 (equivalent to US$22,498,762), and RMB79,194,386 (equivalent to US$11,538,989), respectively.

The Group has the following undrawn borrowing facilities:

	As at	
	June 30, 2019	December 31, 2018
	Unaudited	Audited
	US$	*US$*
Floating rate:		
– Expiring within one year	**32,550,861**	18,895,280
Fixed rate:		
– Expiring within one year	**139,678,088**	140,266,823
	172,228,949	159,162,103

21 RETIREMENT BENEFIT OBLIGATIONS

The table below outlines where the Group's post-retirement benefit obligations amounts and activity are included in the financial statements.

	As at	
	June 30, 2019	December 31, 2018
	Unaudited	Audited
	US$	*US$*
Liability for:		
– post-retirement benefit obligations	**482,990**	409,860

Statement of profit or loss charge included in operating profit for:

	Six months ended June 30	
	2019	2018
	Unaudited	Unaudited
	US$	*US$*
– post-retirement benefit obligations	**73,877**	71,366

The Group operates post-retirement benefit obligations in the PRC. The level of benefits provided depends on members' length of service and their job titles.

The current service cost of the post-retirement benefits recognised in the statement of profit or loss in employee benefit expense, reflects the increase in the post-retirement benefits resulting from employee service in the current year, benefit changes, curtailments and settlements.

22 TRADE PAYABLES

	As at	
	June 30, 2019	December 31, 2018
	Unaudited	Audited
	US$	*US$*
Trade payables – third parties	**105,836,151**	184,284,396

As at June 30, 2019 and December 31, 2018, the ageing analysis of the trade payables based on invoice date was as follows:

	As at	
	June 30, 2019	December 31, 2018
	Unaudited	Audited
	US$	*US$*
Within 3 months	**75,109,504**	178,197,821
4 to 6 months	**29,749,879**	2,824,099
7 to 12 months	**550,516**	3,137,780
1 – 2 years	**426,252**	124,696
	105,836,151	184,284,396

23 COMMITMENTS

(a) Capital commitments

The capital commitments of the Group as at the respectively balance sheet dates were as follows:

	As at	
	June 30, 2019	December 31, 2018
	Unaudited	Audited
	US$	*US$*
Contracted but not provided for property, plant and equipment	**2,446,012**	1,891,773

(b) Commitments under operating leases

As at June 30, 2019 and December 31, 2018, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	As at	
	June 30, 2019	December 31, 2018
	Unaudited	Audited
	US$	*US$*
No later than 1 year	**383,579**	2,128,754
Later than 1 year and no later than 2 years	**–**	844,176
Later than 2 years and less than 3 years	**–**	1,842,846
	383,579	4,815,776

24 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the reporting periods, and balances arising from related party transactions as at the respective balance sheet dates.

Name and relationship with related parties are set out below:

Related party	**Relationship**
Shanghai Shitong Plastic Production Factory (“**Shanghai Shitong**”)	Entity controlled by a relative of the ultimate controlling shareholder
Shanghai Yaming Plastic Production Factory (“**Shanghai Yaming**”)	Entity controlled by a relative of the ultimate controlling shareholder
Shanghai Mingwei Printing Company Limited (“**Shanghai Mingwei**”)	Entity controlled by a relative of the ultimate controlling shareholder
Shanghai Jiufeng Plastic Production Company Limited (“**Shanghai Jiufeng**”)	Entity controlled by a relative of the ultimate controlling shareholder
Hai’an Shitong Plastic Production Factory (“**Hai’an Shitong**”)	Entity controlled by a relative of the ultimate controlling shareholder
Nantong Jiemao Plastic Company Limited (“**Nantong Jiemao**”)	Entity controlled by a relative of the ultimate controlling shareholder

(a) Transactions with related parties

Continuing transactions

	Six months ended June 30	
	2019	2018
	Unaudited	Unaudited
	US$	*US$*
(i) Purchases from		
– Shanghai Shitong	**907,307**	940,456
– Shanghai Mingwei	**745,661**	790,322
– Nantong Jiemao	**785,810**	658,390
– Shanghai Yaming	**478,436**	513,710
– Shanghai Jiufeng	**233,555**	553,394
– Hai'an Shitong	**165,252**	–
	3,316,021	3,456,272

The related party transactions above were carried out on terms mutually agreed between the parties. In the opinion of the directors of the Company, these transactions are in the ordinary courses of business of the Group and in accordance with the terms of the underlying agreements.

(ii) Key management compensation:

	Six months ended June 30	
	2019	2018
	Unaudited	Unaudited
	US$	*US$*
Salaries, bonus and other welfares	**1,728,622**	1,225,762

(b) Balances with related parties

(i) Amount due to related parties

	As at	
	June 30, 2019	December 31, 2018
	Unaudited	Audited
	US$	*US$*
Trade payables		
– Nantong Jiemao	**845,777**	712,962
– Shanghai Yaming	**463,980**	403,861
– Shanghai Shitong	**422,572**	841,015
– Shanghai Mingwei	**401,507**	766,895
– Shanghai Jiufeng	**218,355**	35,424
– Hai'an Shitong	**86,824**	–
	2,439,015	2,760,157

As at June 30, 2019 and December 31, 2018, the ageing analysis of the above trade payables due to related parties based on invoice date was as follows:

	As at	
	June 30, 2019	December 31, 2018
	Unaudited	Audited
	US$	*US$*
Within 3 months	**1,453,266**	2,753,318
4 to 6 months	**985,749**	6,839
	2,439,015	2,760,157

25 CONTINGENCIES

As at June 30, 2019, there was one outstanding intellectual property rights claims against certain subsidiaries of the Group. According to Morgan, Lewis & Bockius LLP, the legal advisors of the Group for this claim, the Group could potentially face liability not exceeding the value of reasonable royalty or such competitor's lost profits for the use of the alleged invention plus potential legal fees and costs, and interest which are not expected to be significant. The Directors of the Group are in opinion that this legal proceeding would not have material financial or operational adverse impact on the Group.

BUSINESS REVIEW AND PROSPECTS

BUSINESS REVIEW

Achieved a record high half-year results

The Group achieved satisfactory financial results for the six months ended June 30, 2019, with its revenue reaching a record half-year high of US$601.7 million, representing an increase of 14.6% over the corresponding period in 2018. Meanwhile, as of June 30, 2019, the Group's net profits reached US$45.5 million, representing a period-on-period increase of 23.7%. The increase in revenue and profit was mainly attributable to the global research and development ("**R&D**") team's innovation in products development, as well as continuous upgrade of the existing products and promotion of new products.

Our Products

For the six months ended June 30, 2019, the Group recorded considerable revenue growth for the products of all four major product categories. The revenue of above-ground pools and portable spas reached US$293.1 million, representing an increase of 24.7% as compared to the corresponding period in 2018, which was mainly attributable to our successful and continuing effort in penetrating into the European and the North American markets with portable spas. The revenue of recreation products reached US$118.3 million, representing an increase of 7.5% as compared to the corresponding period in 2018, which was mainly attributable to the huge success of FASHION FLOAT series, a trend-setting series in the European and the North American markets. The revenue of sporting goods amounted to US$87.6 million, a 6.5% increase as compared to the corresponding period in 2018. The rapid growth in revenue of sporting goods was mainly attributable to the high popularity of the Company's inflatable SUP made of the DROP STITCH composite materials in the European and the North American markets. Finally, the revenue of camping products amounted to US$102.7 million, representing an increase of 5.1% over the corresponding period last year, which was mainly attributable to the Company's fast-selling camping mattresses made of the popular FORTECH, TRI-TECH composite materials. For the six months ended June 30, 2019, the Group further strengthened its branding strategy with BESTWAY as its core brand, complemented by a series of products from its sub-brands, such as LAY-Z-SPA, H_2O GO!, HYDRO FORCE and PAVILLO.

Our Geographic Regions

Europe

During the six months ended June 30, 2019, the Group maintained a formidable number one position in terms of market share in Europe, with a revenue of US$342.6 million, representing a significant period-on-period growth of 22.1%. The European market is an important region that contributes to the largest portion of the Group's revenue and is crucial to the Group's stable operation. For the six months ended June 30, 2019, the Group achieved successful performance in terms of revenue in the European market in countries including the United Kingdom, France and Germany. In respect of performance of product categories in terms of revenue, LAY-Z-SPA had an outstanding performance in Europe. The Group continues to cultivate carefully our business in Europe and extend our sales network, and, in 2019, continued to promote and sell products through popular third-party e-commerce platforms in various countries.

North America

The Group was able to keep its growth momentum in the North American market with a revenue of US$196.5 million for the six months ended June 30, 2019. The Group optimized its product portfolio in the U.S. market and introduced more products tailored to the country; and while enhancing profit margin, the Group was able to maintain a stable growth pace. Particularly, the revenue experienced a period-on-period growth of 8.0% in the North American market as a result of our continuous cooperation with third-party e-commerce platforms and other new offline sports specialized retailers with which we are constantly exploring collaboration opportunities.

The trade war between China and the United States did not have a significant impact on the sales price of our products in the United States as our reputable brand name, R&D performance, global sales network and other comprehensive strengths have given us a strong bargaining power in negotiating and setting sales price. However, it is expected that the continuing of the trade war will affect the sales revenue of the Group. This effect can be largely offset by expanding the Group's market share in the United States. Further, we continue to develop our production facilities in Vietnam, which does not attract additional tariff and will be more cost-efficient in exporting products to the United States.

Asia Pacific

During the six months ended June 30, 2019, the Group experienced a slight decrease of 4.1% over the corresponding period in 2018 in the Asia Pacific market with a revenue of US$28.3 million. The decrease is mainly due to a decrease of US$4.8 million in the revenue generated from the Mainland China market, representing a period-on-period decrease of 27.6%. Such decrease in the revenue from the Mainland China market is mainly due to short-term factors such as the impact of weather as summer products are more popular in the Mainland China market. Hence, the unfavorable weather condition this year, i.e. the lower temperature as compared to previous years, has led to a significant decline in the sales condition of the entire industry. However, we were gradually expanding our market share in the Mainland China market in the past two years and once market demand recovers to a higher level as in the past, we expect to have a larger growth in the Mainland China market.

At the same time, we are also actively promoting new product series in the Mainland China market, of which the home inflatable bed series have received positive market reaction. It is expected that the Asia Pacific market will grow faster in the second half of the year, and the Mainland China market will have a restorative growth with the rising sales of our home inflatable beds.

Rest of the World

The revenue of the Group for the rest of the world during the six months ended June 30, 2019 amounted to US$34.4 million, representing a period-on-period increase of 3.9%. Our revenue for the rest of the world was mainly affected by the depreciation in the value of the currencies of South American countries including Brazil and Argentina, leading to fluctuations in the Group's sales in such region. At the same time, we continued to develop our businesses in the markets of Mexico and Middle Eastern region, which generated satisfactory revenue. Hence, the growth in our revenue for the rest of the world has remained stable. It is expected that the steady growth in revenue will continue throughout the year and the Group will continue to maintain a leading position in the markets of Central and South America.

Exposure to Foreign Exchange Risk

To mitigate the foreign exchange risk, the Company adopted a one-year foreign exchange rate (US$ to Renminbi ("**RMB**")) lock-in arrangement. For the sales proceeds expected to be received in US$ after one year:

1. 40% of which will be continuously used to purchase one-year ordinary foreign exchange contracts (US$ converted into RMB) on a daily basis presently to dispersedly lock the actual exchange rate for each year;

2. 40% of which will be used for settling payments required to be settled in US$ (including purchase of raw materials, payment of fees and repayment of loans denominated in US$, etc.); and

3. the residual 20% of which remains unlocked so as to retain flexibility and allow the Group to benefit from potential exchange rate fluctuations favorable to the Group.

Further, given that we used the locked-in exchange rate to cultivate the global sales quotation (in US$) for each year, the above measures minimize the impact that exchange rate fluctuations would have on the Group's business operation.

Product Innovations

The Group placed great importance to its product R&D. The R&D-related expenses for the six months ended June 30, 2019 amounted to US$8.8 million, representing around 22% of the Group's total general and administrative expenses. It is a usual practice for the Group to enhance and phase out over 20% of its product types in a new quarter, with a view to offering more innovative, appealing and practical outdoor leisure products to consumers. The 2020 sales year of the Group is the period between May 1, 2019 to April 30, 2020, which we mainly sell products listed in the 2020 Sales Catalogue. During the first three months of 2020 sales year, the value of orders from customers received by the Group has an increase of 10% to 15% as compared to the corresponding period in 2019 sales year. This was mainly attributable to the Group's strenuous effort in promoting our enhanced and brand-new products in 2020 sales year. Our enhanced products mainly include the APP controlled SPA and above ground pool. As for our new products, the Group has launched a brand new swim fitness system series, namely Swim Infinity. The marketing and promotion effort for these new products has laid a solid foundation for a future continuous growth in sales for the Group.

Production Facility

The Group operates a vertically integrated business model with our product production, manufacturing and supply chain completed on our own. The Group's manufacturing sites are located in (i) Shanghai; (ii) Rugao, Nantong; (iii) Yancheng; and (iv) Haian, Nantong. The constructions in Rugao, Nantong (phase 2) and Haian, Nantong have been completed and the new facilities have started to operate at the end of last year and early this year respectively. The capital expenditure of the Group for the six months ended June 30, 2019 was US$52.3 million, which was mainly used for the aforementioned capacity expansion.

While expanding our capacity, the Group actively optimizes our supply chain and logistic system. For the six months ended June 30, 2019, all warehouses have been relocated to the site in Rugao, Nantong progressively to improve logistic effectiveness and save costs. As for the warehouses in Shanghai, they have been transformed into industrial parks for leasing, which will bring the Group a stable rental income.

Further, phase 1 of our production facility in Vietnam, located in Long Jiang Industrial Park near Ho Chi Minh City, will officially be operating in February 2020, with an expected annual production capacity of about US$40 million. This production facility mainly produces recreation products and mattresses of our four core product groups.

OUTLOOK

The Group is a global leading branded company for inflatable outdoor leisure products and have up to 35% global market share. In 2019, the Group will continue to maintain a positive growth momentum of orders and income, and to further increase our share in the global market. We will also maintain a rapid income expansion in emerging markets such as Mainland China, Southeast Asia and the Middle East. In respect of gross profit margin, as there is only a slight decrease in the Group's average cost of sales and the sales prices of our products are similar to the prices in the previous year, it is expected that the annual gross profit margin in 2019 will be similar to that in 2018.

FINANCIAL REVIEW

RESULTS OF OPERATIONS

	For the six months ended June 30, 2019 US$ (unaudited)	2018 US$ (unaudited)	Change (%)
Operating results			
Revenue from contracts with customers	**601,691,932**	525,102,625	14.6
Cost of sales	**(446,965,412)**	(400,160,938)	11.7
Gross profit	**154,726,520**	124,941,687	23.8
Net profit	**45,479,262**	36,778,946	23.7

	As at June 30, 2019 (unaudited)	2018 (unaudited)	Change (%)
Key Ratios (%)			
Gross profit margin	**25.7%**	23.8%	1.9[(2)]
Net profit margin	**7.6%**	7.0%	0.6[(2)]

Notes:

(1) Equals total net debt divided by total equity as of the respective financial period-end date. Total net debt is calculated as total borrowings, less cash and cash equivalents and restricted cash.

(2) These figures represent the change of percentage points.

Revenue from contracts with customers

The revenue of the Group rose by 14.6% from US$525.1 million for the six months ended June 30, 2018 to US$601.7 million for the six months ended June 30, 2019. The increase in revenue was mainly attributable to the Company's global R&D team's innovation in new products development and the increasing demand for inflatable sports and leisure products in the global market.

We offer a variety of outdoor leisure products. We categorize our products into four core product groups and 18 product categories. We market and sell these products primarily under our own BESTWAY brand umbrella, in conjunction with a portfolio of sub-brands based on their product categories and market positioning. The following table sets forth the revenue of our four core product groups, presented by the amount and as a percentage of our total revenue for the periods indicated:

	For the six months ended June 30,				
	2019		2018		
Product Group	***US$***	*%*	*US$*	*%*	**Change (%)**
	(unaudited)		(unaudited)		
Above-ground pools and portable spas	**293,054,339**	**48.7**	235,045,541	44.7	24.7
Recreation products	**118,326,318**	**19.7**	110,081,717	21.0	7.5
Sporting goods	**87,646,537**	**14.6**	82,261,701	15.7	6.5
Camping products	**102,664,738**	**17.0**	97,713,666	18.6	5.1
Total	**601,691,932**	**100.0**	525,102,625	100.0	14.6

The sales mix of our four core product groups remained relatively stable during the six months ended June 30, 2018 and 2019. The sales of our above-ground pools and portable spas presented a 24.7% growth during the six months ended June 30, 2019, mainly attributable to our successful and continuing effort in penetrating into the European and the North American markets with portable spas. The revenue of recreation products reached US$118.3 million, representing an increase of 7.5% as compared to the corresponding period in 2018, which was mainly attributable to the huge success of FASHION FLOAT series, a trend-setting series in the European and the North American markets. The revenue of sporting goods amounted to US$87.6 million, a 6.5% increase as compared to the corresponding period in 2018. The stable growth in revenue of sporting goods was mainly attributable to the high popularity of the Company's inflatable SUP made of the DROP STITCH composite materials in the European and the North American markets. Finally, the revenue of camping products amounted to US$102.7 million, representing an increase of 5.1% over the corresponding period last year, which was mainly attributable to the Company's fast-selling camping mattresses made of the popular FORTECH, TRI-TECH composite materials.

The following table sets forth our revenue by geographic regions and as a percentage of total revenue for the periods indicated:

	For the six months ended June 30,				
	2019		2018		
Geographic Region	***US$***	*%*	*US$*	*%*	**Change (%)**
	(unaudited)		(unaudited)		
Europe[(1)]	**342,557,000**	**56.9**	280,539,437	53.4	22.1
North America[(2)]	**196,452,835**	**32.7**	181,974,016	34.7	8.0
Asia Pacific[(3)]	**28,292,224**	**4.7**	29,496,864	5.6	(4.1)
Including: Mainland China	**12,656,140**	**2.1**	17,468,888	3.3	(27.6)
Rest of the world[(4)]	**34,389,873**	**5.7**	33,092,308	6.3	3.9
Total	**601,691,932**	**100.0**	525,102,625	100.0	14.6

Notes:

(1) Europe refers to countries in the European Economic Area, Russia, Georgia, Switzerland, Turkey, Kazakhstan, Kyrgyzstan, Albania, Andorra, Bosnia and Hercegovina, Macedonia, Moldavia, Serbia, Montenegro and Ukraine.

(2) North America refers to the United States of America, Canada and Puerto Rico.

(3) Asia Pacific refers to Asia (excluding Middle East) and Australia.

(4) Rest of the world refers to Middle East, Africa and Latin America.

During the six months ended June 30, 2019, the Group maintained a formidable number one position in terms of market share in Europe, with a revenue of US$342.6 million, representing a significant period-on-period growth of 22.1%. The European market is an important region that contributes to the largest portion of the Group's revenue and is crucial to the Group's stable operation. The Group was also able to keep its growth momentum in the North American market with a revenue of US$196.5 million for the six months ended June 30, 2019, representing a period-on-period growth of 8.0%. However, the Group has experienced a slight decrease in revenue generated in the Asia Pacific market which amounted to US$28.3 million, representing a period-on-period decrease of 4.1%, primarily due to short-term factors such as the impact of weather as summer products are more popular in the Mainland China market. Hence, the unfavorable weather condition this year, i.e. the lower temperature as compared to previous years, has led to a significant decline in the sales condition of the entire industry. However, we were gradually expanding our market share in the Mainland China market in the past two years and once market demand recovers to a higher level as in the past, we expect to have a larger growth in the Mainland China market.

For the sales in the rest of the world, which represents 5.7% of the total sales, we recorded a period-on-period increase of 3.9%. The slow growth is mainly due to the depreciation in the value of the currencies of South American countries including Brazil and Argentina. However, as we have recorded satisfactory income in the markets of Mexico and Middle Eastern region, the growth in our revenue for the rest of the world is expected to remain stable throughout the year.

Cost of Sales

The following table sets forth our revenue, cost of sales and changes by core product groups for the periods indicated:

	Revenue		**Cost of Sales**		**Change (%)**	
	For the six months ended June 30,					
	2019	2018	**2019**	2018	**Revenue**	**Cost of Sales**
	US$	*US$*	***US$***	*US$*		
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)		
Above-ground pools and portable spas	**293,054,339**	235,045,541	**221,003,927**	181,809,517	**24.7**	**21.6**
Recreation products	**118,326,318**	110,081,717	**86,446,019**	85,555,705	**7.5**	**1.0**
Sporting goods	**87,646,537**	82,261,701	**59,117,910**	57,258,751	**6.5**	**3.2**
Camping products	**102,664,738**	97,713,666	**80,397,556**	75,536,965	**5.1**	**6.4**
Total	**601,691,932**	525,102,625	**446,965,412**	400,160,938	**14.6**	**11.7**

Our cost of sales primarily comprises costs of raw materials and consumables used, wages and salaries, social welfare and benefits and manufacturing costs. Our cost of sales increased by 11.7% from US$400.2 million for the six months ended June 30, 2018 to US$447.0 million for the six months ended June 30, 2019 and was 76.2% and 74.3% as a percentage of revenue for the six months ended June 30, 2018 and 2019, respectively.

Gross Profit and Gross Profit Margin

Gross profit represents revenue less cost of sales, and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage. Our gross profit increased by 23.8% from US$124.9 million for the six months ended June 30, 2018 to US$154.7 million for the same period in 2019. Our gross profit margin increased from 23.8% for the six months ended June 30, 2018 to 25.7% for the same period in 2019. For the six months ended June 30, 2018, the gross profit margin reflected the products sold during 2018 sales season ("**2018 Products**") while the gross margin for the six months ended June 30, 2019 reflected products sold during 2019 sales season ("**2019 Products**"). As compared to the 2018 Products, the 1.9% increase in our gross profit margin of 2019 Products was due to (i) an increase in the sales price of the 2019 Products; and (ii) the RMB to US$ exchange rate has recorded a period-on-period decrease for the six months ended June 30, 2019.

Operating Profit and Operating Profit Margin

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of transportation expenses, service fees and commissions paid to our third-party regional relationship managers, wages and salaries, social welfare and benefits for our marketing and sales personnel, advertising and promotion expenses and after-sales services expenses. For the six months ended June 30, 2018 and 2019, our selling and distribution expenses were US$54.4 million and US$59.5 million, respectively, representing 10.4% and 9.9% of our revenue and the ratio of which remained steady in these respective periods.

General and Administrative Expenses

Our administrative expenses primarily consist of wages and salaries, social welfare and benefits for our administrative and management personnel, R&D expenses, depreciation and amortization of our office and employees dormitories, maintenance fees and rental expenses. For the six months ended June 30, 2018 and 2019, our administrative expenses were US$33.3 million and US$39.8 million. Our administrative expenses amounted to 6.3% and 6.6% of the revenue for the six months ended June 30, 2018 and 2019, respectively. It was mainly contributed by (i) the increase in R&D expenses; and (ii) new logistic center has been put into use leading to an increase in the depreciation of fixed assets and the efficiency of the new logistic center was still in the process of being optimized. However, the percentage of the Group's revenue amounted to by other administrative expenses has recorded a period-on-period decrease.

Other Income

Our other income decreased by US$2.9 million from US$7.3 million for the six months ended June 30, 2018 to US$4.4 million for the six months ended June 30, 2019 as the Group has collected marketing compensation from retailers of the Group's products during the six months ended June 30, 2018 which the Group did not have any plan on collecting such during the six months ended June 30, 2019.

Other Gains — Net

For the six months ended June 30, 2019, US$6.1 million was recorded as other gains of the Group, representing a period-on-period increase of 6.4% and have remained relatively stable.

Impairment Losses on Financial and Contract Assets

Our net impairment losses on financial and contract assets increased by 280.0% from US$0.9 million for the six months ended June 30, 2018 to US$3.4 million for the six months ended June 30, 2019 as higher expected loss rate of long ageing financial assets was used for this period.

Operating Profit

Our operating profit increased by 26.7% from US$49.4 million for the six months ended June 30, 2018 to US$62.6 million for the six months ended June 30, 2019. The 26.7% increase in operating profit was higher than the 23.8% increase in gross profit, due to the increased efficiency of the Group's operation which led to a smaller increase in operating expenses as compared to the increase in gross profit.

Profit for the Period

Our net profit significantly increased by 23.7% from US$36.8 million for the six months ended June 30, 2018 to US$45.5 million for the six months ended June 30, 2019. The increase is mainly due to the increase of the Group's revenue and gross profitability.

Finance Expenses — Net

Finance expenses include interest expenses on bank borrowings, interest expenses on retirement benefit obligations and foreign exchange losses on our financing activities. Finance income includes interest income on bank deposits. For the six months ended June 30, 2018 and 2019, the net amount of finance expenses was US$3.3 million and US$6.2 million, representing 0.6% and 1.0% of total revenue, respectively and a significant period-on-period increase of 86.9%. The increase was mainly due to the increase in capital expenditure during recent years which led to an increase in borrowings and interests paid for such borrowings.

Income Tax Expenses

Our income tax expenses increased by 17.3% from US$9.3 million for the six months ended June 30, 2018 to US$10.9 million for the six months ended June 30, 2019. The increase is mainly due to the significant increase in the operating profit of the Group.

Our effective income tax rate decreased from 20.2% for the six months ended June 30, 2018 to 19.4% for the six months ended June 30, 2019. Such decrease was primarily because of regular fluctuation in taxable income in different tax regions.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Our primary uses of cash for the six months ended June 30, 2019 were to pay for purchases of raw materials and capital expenditure for expansion of production facilities. For details regarding the purchases of raw materials, please see paragraph headed "Results of Operations — Cost of Sales" above in this section. We financed our working capital requirements through a combination of funds generated from our operating activities, bank borrowings and the proceeds from the Company's global initial public offering.

Our treasury policy is to maintain sufficient cash and cash equivalents and have sufficient available funding through our banking facilities and operations to meet our working capital requirements. Our Directors believe that we have maintained sufficient general banking facilities for financing our capital commitment and working capital purposes.

Capital Expenditure and Capital Commitment

Capital expenditure for the six months ended June 30, 2019 mainly comprises expenditure on (i) property, plant and equipment related to the construction of manufacturing facilities in Nantong; and (ii) land use rights related to the expansion of our manufacturing facilities in Vietnam. For the six months ended June 30, 2019, we funded our capital expenditures primarily with internally generated resources and borrowings.

The table below shows a breakdown of the capital expenditure for the respective period under review:

	For the six months ended June 30,	
	2019	2018
	US$	US$
	(unaudited)	(unaudited)
Purchase of property, plant and equipment	**49,015,458**	48,236,440
Purchase of land use rights	**3,145,111**	13,377,034
Return of deposits for land use rights	**–**	(10,695,909)
Purchase of other intangible assets	**150,287**	570,312
Total capital expenditures	**52,310,856**	51,487,877

Liquidity and Cash Flow

	For the six months ended June 30,		
	2019	2018	**Change**
	US$	*US$*	***US$***
	(unaudited)	(unaudited)	
Cash flow			
Net cash generated from operating activities	**78,643,650**	22,587,527	56,056,123
Net cash used in investing activities	**(66,825,627)**	(68,072,341)	1,246,714
Net cash generated from financing activities	**83,995,301**	10,560,828	73,434,473
Net increase/(decrease) in cash and cash equivalent	**95,813,324**	(34,923,986)	130,737,310

	As of		
	June 30,	December 31,	
	2019	2018	**Change**
	US$	*US$*	***US$***
	(unaudited)	(audited)	
Current Assets and Current Liabilities			
Current Assets	**659,785,099**	644,248,062	15,537,037
Current Liabilities	**(436,362,830)**	(537,759,007)	101,396,177
Net Current Assets	**223,422,269**	106,489,055	116,933,214

The Group maintains a strong and healthy balance sheet. As of June 30, 2019, the gearing ratio was 41.5%, representing a 6.6% decrease as compared to the gearing ratio as of December 31, 2018 (Gearing ratio equals total net debt divided by total equity). Net current assets significantly increased by 109.8% from US$106.5 million as of December 31, 2018 to US$223.4 million as of June 30, 2019. The US$116.9 million increase in net current assets was primarily due to a significant increase in the Company's cash and cash equivalents and decrease in contract liabilities and derivative financial instruments.

The Group's net cash inflow from operating activities was US$78.6 million, consisting of US$93.3 million in net cash generated from operations, income tax paid of US$9.6 million and interest paid of US$5.1 million. The increase in net cash inflow generated from operating activities was mainly attributable to the increasing profitability and the improvement measures in relation to the Group's working capital have recorded significant and positive results.

Borrowings

The following table sets forth our interest-bearing bank borrowings as of the dates indicated:

	As at	
	June 30, 2019 (unaudited)	December 31, 2018 (audited)
	US$	*US$*
Non-current		
Bank borrowings		
– Secured	**35,474,472**	21,218,752
– Unsecured	**90,783,868**	–
Less: current portion of long-term bank borrowings	**(6,004,727)**	–
	120,253,613	21,218,752
Current		
Bank borrowings		
– Secured	**65,004,778**	213,454,391
– Unsecured	**131,140,094**	2,923,700
Add: current portion of long-term bank borrowings	**6,004,727**	–
	202,149,599	216,378,091
Total borrowings	**322,403,212**	237,596,843

Our bank borrowings were primarily denominated in U.S. dollars, Renminbi and Euro, and a majority of them were short-term borrowings that we entered into to finance our working capital. As of June 30, 2019 and December 31, 2018, the weighted average effective interest rate of our borrowings was 4.81%, and 4.30% per annum, respectively. Our bank borrowings amounted to US$322.4 million and US$237.6 million as of June 30, 2019 and December 31, 2018, respectively.

The maturity of bank borrowings as of the balance sheet dates are as follows:

	As of		
	June 30, 2019	December 31, 2018	**Change**
	US$	*US$*	***US$***
	(unaudited)	(audited)	
Within one year	**202,149,599**	216,378,091	(14,228,492)
Between 1 and 2 years	**37,208,937**	–	37,208,937
Between 2 and 5 years	**83,044,676**	21,218,752	61,825,924
Total	**322,403,212**	237,596,843	84,806,369

FINANCIAL POSITION

Inventories

Our inventories consist primarily of raw materials, work-in-progress and finished goods. The following table sets forth a summary of our total inventories as of the dates indicated:

	As of	
	June 30, 2019	December 31, 2018
	US$	*US$*
	(unaudited)	(audited)
Raw materials	**54,956,796**	67,386,585
Work-in-progress	**58,596,376**	78,988,319
Finished goods	**107,246,963**	184,649,959
Total	**220,800,135**	331,024,863

Our inventories decreased by US$110.2 million to US$220.8 million as of June 30, 2019, compared to December 31, 2018, representing a period-on-period decrease of 33.3%. The decrease was primarily due to the effective production efficiency and inventory control measures we adopted.

The following table sets forth our inventory turnover days during the periods indicated:

	Six months ended June 30, 2019	Year ended December 31, 2018
Inventory turnover days[(1)]	**113**	167

Note:

(1) Inventory turnover days for each one-year period equals the average of the beginning and ending inventory for that year divided by cost of sales for that year and multiplied by 365 days, and the inventory turnover days for a six-month period equals to the average of the beginning and ending inventory for that period divided by the cost of sales for that period and multiplied by 183 days.

Our inventory turnover days decreased from 167 days for the year ended December 31, 2018 to 113 days for the six months ended June 30, 2019, and the balance of inventories decreased from US$331.0 million as at December 31, 2018 to US$220.8 million as at June 30, 2019. The decrease in inventory turnover days primarily due to the effective production efficiency and inventory control measures we adopted.

Trade Receivables

The following table sets forth a summary of our trade receivables as of the dates indicated:

	As of	
	June 30, 2019	December 31, 2018
	US$	*US$*
	(unaudited)	(audited)
Trade receivables	**233,386,017**	211,484,074
Less: allowance for impairment of trade receivables	**(5,422,863)**	(2,264,620)
Total receivables – net	**227,963,154**	209,219,454

Our trade receivables increased by 9.0% from US$209.2 million as of December 31, 2018 to US$228.0 million as of June 30, 2019 primarily due to the increase in the Group's revenue. The Group is currently adopting certain arrangements to decrease the trade receivables turnover days and amount of trade receivables.

The following table sets forth our trade receivables turnover days for the periods indicated:

	Six months ended June 30, 2019	Year ended December 31, 2018
Trade receivables turnover days[(1)]	**68**	74

Note:

(1) Trade receivables turnover days for each one-year period equals the average of the beginning and ending balances of trade receivables for that year divided by revenue for that year and multiplied by 365 days, and the trade receivables turnover days for a six-month period equals to the average of the beginning and ending balances of trade receivables for that period divided by revenue for that period and multiplied by 183 days.

Our trade receivables turnover days remained relatively stable at 74 days for the year ended December 31, 2018 and 68 days for the six months ended June 30, 2019.

Prepayments and Other Receivables

Our prepayments and other receivables increased by US$3.1 million from US$47.1 million as of December 31, 2018 to US$50.2 million as of June 30, 2019, primarily due to the advanced payment of purchase price to new suppliers.

Trade Payables

Our trade payables mainly comprise of purchases of raw materials. The trade payables are generally non-interest bearing and we settle most of our trade payables within 30 to 90 days of our suppliers' delivery of the products to us. However, some of our key suppliers granted us credit periods of up to 180 days. Our trade payables decreased by 42.6% from US$184.3 million for the year ended December 31, 2018 to US$105.8 million as of June 30, 2019.

The following table sets forth our trade and bills payables turnover days for the periods indicated:

	Six months ended June 30, 2019	Year ended December 31, 2018
Trade payables turnover days[(1)]	**59**	97

Note:

(1) Trade payables turnover days for each one-year period equals the average of the beginning and ending trade payables for that year divided by cost of sales for that year and multiplied by 365 days and the trade payables turnover days for a six-month period equals to the average of the beginning and the ending trade payables for that period divided by cost of sales for that period and multiplied by 183 days.

Our trade payables turnover days decreased from 97 days for the year ended December 31, 2018 to 59 days for the six months ended June 30, 2019. The decrease of the trade payables was mainly because the Group has sought new suppliers in Mainland China for the supply of certain major raw materials, including PVC resin. As the cooperation relationships between the Group and such suppliers have just started, the credit periods given to us are relatively shorter. It is expected that a longer credit period would be given after such cooperation relationships have been deepened and become more stable.

Other Payables and Accruals

Our other payables and accruals decreased by 5.9% from US$108.1 million to US$101.7 million as of June 30, 2019 compared to December 31, 2018, mainly attributable to the decrease in the construction equipment payables.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to June 30, 2019 which would materially affect the Group's operating and financial performance as at the date of this announcement.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board has committed to achieving good corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") (the "**Stock Exchange**") and the Company has adopted the CG code as its own code of corporate governance.

The Board is of the view that the Company has complied with the applicable code provisions as set out in the CG Code during the six months period ended June 30, 2019 (the "**Reporting Period**"), save for code provision A.2.1 of the CG Code.

The Company has appointed Mr. Zhu Qiang as both the chairman and the chief executive officer of the Company. The Board believes that vesting the roles of the chairman and chief executive officer in the same individual would enable the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. The Board believes that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors and independent non-executive Directors.

The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding the transactions of securities of the Company by its Directors and the relevant employees who would likely possess inside information of the Company. Specific enquiry has been made to all Directors and all of them have confirmed that they have complied with the Model Code for the period from January 1, 2019 to June 30, 2019.

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors, Mr. Lam Yiu Kin (Chairman), Mr. Dai Guoqiang and Mr. Yao Zhixian. The Group's interim results for the six months ended June 30, 2019 have been reviewed by all members of the Audit Committee.

USE OF PROCEEDS FROM THE LISTING

The shares of the Company were listed on the Main Board of the Stock Exchange on November 16, 2017 the ("**Listing**"). The net proceeds from the Listing were US$142.0 million after deducting underwriting commissions and all related expenses. The intended use of the net proceeds are disclosed in the section "Future Plans and Use of Proceeds" in the prospectus of the Company dated November 6, 2017 (the "**Prospectus**"). Utilized net proceeds as of June 30, 2019 amounted to approximately US$134.3 million for expansion of production capacity, repayment of short-term bank borrowings, product development, marketing events, improvement of enterprise resource planning system ("**ERP**"), working capital and other general corporate purposes. The Company intends to use the remaining net proceeds in the coming years in accordance with the purpose set out in the Prospectus. For further details, please refer to the section headed "Future Plans and Use of Proceeds – Use of Proceeds" in the Prospectus.

As of June 30, 2019, the Group has utilized the net proceeds as follows:

	Percentage to total amount	Net proceeds US$ million	Utilized amount US$ million	Unutilized amount US$ million
Expansion of production capacity	37%	52.5	49.5	3.0
Repayment of short-term bank borrowings	35%	49.7	49.7	0.0
Product development	9%	12.8	11.0	1.8
Marketing events	5%	7.1	7.1	0.0
Improvement of ERP system	5%	7.1	4.2	2.9
Working capital and other general corporate purposes	9%	12.8	12.8	0.0
Total	100%	142.0	134.3	7.7

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2019.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended June 30, 2019 will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.bestwaycorp.com) in due course.

By Order of the Board
Bestway Global Holding Inc.
Zhu Qiang
Chairman and Chief Executive Officer

Hong Kong, August 19, 2019

As at the date of this announcement, the Board of the Company comprises Mr. Zhu Qiang as chairman and executive Director; Mr. Liu Feng, Mr. Tan Guozheng and Mr. Duan Kaifeng as executive Directors; and Mr. Dai Guoqiang, Mr. Lam Yiu Kin and Mr. Yao Zhixian as independent non-executive Directors.