

INTERIM RESULTS

The Board of Directors of Bestway International Holdings Limited (the "Company") is pleased to announce the unaudited interim results of the Company, its subsidiaries and associated companies (hereinafter the "Group") for the six months ended 30 September 2000 together with the comparative figures for the corresponding period in 1999. The unaudited results have not been audited by the Company's auditors, but have been reviewed by the Company's Audit Committee on 15 January 2001.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	(Unaudited)	
		For the six months ended 30 September	
		2000	1999
		<i>HK\$'000</i>	<i>HK\$'000</i>
TURNOVER	2	180,622	235,687
Cost of sales		<u>(154,986)</u>	<u>(183,964)</u>
Gross profit		25,636	51,723
Selling and distribution costs		(2,931)	(7,230)
Administrative expenses		<u>(17,274)</u>	<u>(19,768)</u>
PROFIT FROM OPERATING ACTIVITIES	3	5,431	24,725
Finance costs		<u>(14,225)</u>	<u>(19,476)</u>
PROFIT/(LOSS) BEFORE TAX		(8,794)	5,249
Tax	4	<u>(584)</u>	<u>(635)</u>
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		(9,378)	4,614
Minority interests		<u>—</u>	<u>—</u>
NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS		<u>(9,378)</u>	<u>4,614</u>
Earnings/(Loss) per share – basic	5	<u>(0.7 cents)</u>	<u>0.5 cents</u>
Interim dividend per share		<u>—</u>	<u>—</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited)	(Audited)
		As at	As at
		30 September	31 March
		2000	2000
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Fixed assets		342,513	350,832
Investment properties		26,300	26,000
Interests in jointly- controlled entities		26,081	26,081
Long term investments		9,689	9,689
		<u>404,583</u>	<u>412,602</u>
CURRENT ASSETS			
Inventories		32,461	42,200
Trade and bills receivables	6	63,629	101,485
Prepaid tax		730	2,212
Prepayments, deposits and other receivables		116,538	62,024
Due from joint venture partners		–	584
Cash and bank balances		14,050	13,693
		<u>227,408</u>	<u>222,198</u>
CURRENT LIABILITIES			
Interest bearing bank and other borrowings	7	202,842	177,048
Current portion of finance lease and hire purchase contract payables	8	11,035	15,137
Trade payables		40,557	49,078
Tax payable		16,116	6,469
Other payables and accruals		40,400	34,378
Due to joint venture partners		–	4,557
		<u>310,950</u>	<u>286,667</u>
NET CURRENT ASSETS/ (LIABILITIES)		<u>(83,542)</u>	<u>(64,469)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		321,041	348,133
NON CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	7	44,842	75,433
Finance lease and hire purchase contract payables	8	2,961	7,356
		<u>47,803</u>	<u>82,789</u>
MINORITY INTERESTS		<u>17,332</u>	<u>17,332</u>
		<u>255,906</u>	<u>248,012</u>
CAPITAL AND RESERVES			
Issued capital	9	142,560	129,600
Reserves	10	113,346	118,412
		<u>255,906</u>	<u>248,012</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(Unaudited)
For the six months ended
30 September 2000
HK\$'000

NET CASH INFLOW FROM OPERATING ACTIVITIES	29,241
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(14,177)
TOTAL TAX PAID	(306)
NET CASH INFLOW FROM INVESTING ACTIVITIES	<u>403</u>
NET CASH INFLOW BEFORE FINANCING	15,161
NET CASH OUTFLOW FROM FINANCING	<u>(33,747)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(18,586)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>(36,061)</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>(54,647)</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	
Cash and bank balances	14,050
Bank overdrafts	(4,127)
Trust receipt loans with original maturity of less than three months	<u>(64,570)</u>
	<u><u>(54,647)</u></u>

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 September 2000

1. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of the Group are prepared in accordance with Statement of Standard Accounting Practice ("SSAP") No.25 "Interim financial reporting" except that the comparative figures of the condensed consolidated cash flow statement have not been prepared as the Company has taken advantage of the transitional provisions set out in the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited. The accounting policies and basis of preparation are the same as those used in the annual financial statements for the year ended 31 March 2000. Figures for the year ended 31 March 2000 are extracts from the Group's annual financial statements for that year.

2. SEGMENTAL INFORMATION

An analysis of the Group's turnover by principal activity and geographical area of operations for the period ended 30 September 2000 is as follows:

	Turnover <i>HK\$'000</i>
By principal activity:	
Manufacture and sale of:	
PVC sheets	154,100
PVC floor coverings	<u>26,522</u>
	<u><u>180,622</u></u>
By geographical area:	
The People's Republic of China ("PRC"):	
Hong Kong, SAR	121,046
Elsewhere	<u>59,576</u>
	<u><u>180,622</u></u>

Contributions analysed by product types have not been presented as their ratios to turnover are substantially in line with the overall ratios of profits to turnover.

3. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging:

	(Unaudited)	
	For the six months ended	
	30 September	
	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation	<u>13,584</u>	<u>14,454</u>

4. TAX

	(Unaudited)	
	For the six months ended	
	30 September	
	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	–	525
Overseas	<u>584</u>	<u>110</u>
	<u><u>584</u></u>	<u><u>635</u></u>

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the relevant jurisdictions in which the Group operates. Deferred tax has not been provided as the effect of all timing differences is insignificant.

5. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the unaudited net loss attributable to shareholders for the period of HK\$9,377,506 (1999: Profit of HK\$4,613,561) and the weighted average of 1,421,350,820 (1999: 889,180,000) ordinary shares in issue during the period.

6. DEBTORS

The age analysis of trade debtors at 30 September 2000 was as follows:

	(Unaudited)	(Audited)
	As at	As at
	30 September	31 March
	2000	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-3 months	32,588	71,476
4-6 months	7,992	10,609
6-12 months	12,407	7,123
Over 1 year	10,642	12,277
	<u>63,629</u>	<u>101,485</u>

7. INTEREST-BEARING BANK AND OTHER BORROWINGS

	(Unaudited)	(Audited)
	As at	As at
	30 September	31 March
	2000	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank overdrafts repayable on demand	4,127	12,362
Trust receipt loans repayable within one year	80,547	82,763
Bank loans repayable:		
Within one year or on demand	114,737	78,492
In the second year	40,616	68,246
In the third to fifth years, inclusive	4,226	7,105
Wholly repayable beyond five years	-	82
	<u>159,579</u>	<u>153,925</u>
Other loans repayable:		
Within one year or on demand	3,431	3,431
In the second year	-	-
	<u>3,431</u>	<u>3,431</u>
Total bank and other borrowings	247,684	252,481
Portion classified as current liabilities	<u>(202,842)</u>	<u>(177,048)</u>
Long term portion	<u>44,842</u>	<u>75,433</u>

8. FINANCE LEASE AND HIRE PURCHASE CONTRACT PAYABLES

There were obligations under non-cancellable finance leases and hire purchase contracts at the balance sheet date as follows:

	(Unaudited) As at 30 September 2000 <i>HK\$'000</i>	(Audited) As at 31 March 2000 <i>HK\$'000</i>
Amounts payable:		
Within one year	11,829	16,703
In the second year	3,496	7,063
In the third to fifth years, inclusive	—	661
	<u> </u>	<u> </u>
Total minimum finance lease and hire purchase contract payments	15,325	24,427
Future finance charges	(1,329)	(1,934)
	<u> </u>	<u> </u>
Total net finance lease and hire purchase contract payables	13,996	22,493
Portion classified as current liabilities	(11,035)	(15,137)
	<u> </u>	<u> </u>
Long term portion	<u>2,961</u>	<u>7,356</u>

9. SHARE CAPITAL

	Number of HK\$0.10 ordinary shares	Amount HK\$
<i>Issued and fully paid:</i>		
At 1 April 2000	1,296,000,000	129,600,000
Private placement	129,600,000	12,960,000
	<u> </u>	<u> </u>
At 30 September 2000	<u>1,425,600,000</u>	<u>142,560,000</u>

On 7 April 2000, a private placement of 129,600,000 new shares in the share capital of the Company was made at a price of HK\$0.138 per share. The new shares rank pari passu in all respects with the existing shares in issue. The proceeds of the new issue of approximately HK\$17.9 million, before issue expenses, were used to increase the working capital of the Group.

10. RESERVES

	Share premium account HK\$'000	Contributed surplus HK\$'000	Goodwill reserve HK\$'000	Capital reserve HK\$'000	Asset revaluation reserve HK\$'000	Investment property revaluation reserve HK\$'000	General reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2000	126,757	52,743	(68,788)	4,581	42,814	4,079	186	(28,236)	(15,724)	118,412
Issue of shares	4,925	-	-	-	-	-	-	-	-	4,925
Share issue expenses	(613)	-	-	-	-	-	-	-	-	(613)
Net loss for the period ended 30 September 2000	-	-	-	-	-	-	-	-	(9,378)	(9,378)
At 30 September 2000	<u>131,069</u>	<u>52,743</u>	<u>(68,788)</u>	<u>4,581</u>	<u>42,814</u>	<u>4,079</u>	<u>186</u>	<u>(28,236)</u>	<u>(25,102)</u>	<u>113,346</u>
Reserves retained by: Company and subsidiaries	131,069	52,743	(68,625)	4,581	42,016	4,079	-	(28,065)	(24,913)	112,885
Jointly-controlled entities	-	-	(163)	-	798	-	186	(171)	(189)	461
At 30 September 2000	<u>131,069</u>	<u>52,743</u>	<u>(68,788)</u>	<u>4,581</u>	<u>42,814</u>	<u>4,079</u>	<u>186</u>	<u>(28,236)</u>	<u>(25,102)</u>	<u>113,346</u>

11. POST BALANCE SHEET EVENTS

On 16 October 2000, the Group disposed of one of its properties for a consideration of HK\$4,580,840.

BUSINESS REVIEW AND FUTURE PROSPECTS

During the period under review, the Group's principal activities were in the manufacturing of PVC sheets and PVC floor coverings in the PRC. The net loss attributable to shareholders of HK\$9.4 million for the period under review was arrived at after charging the depreciation of all the subsidiaries, including the one which had been subcontracted to the previous PRC joint venture partners in return for a fixed subcontracting fee irrespective of the operating results of the joint venture.

The liquidity of the Group has been tightened throughout the period because of the continued contraction of banking facilities by some of the banks and the decrease in the return from the operating activities.

Nevertheless, the Group's total bank and other borrowings were reduced to approximately HK\$247.7 million, a reduction of approximately HK\$5 million during the period under review.

The Group continued to implement its cost-cutting measures to further reduce administrative costs in the head office in Hong Kong. Furthermore, the Group is now in the process of disposing of its non-core assets and investments, including most of the Group's leasehold land and buildings as well as investment properties in Hong Kong in order to reduce the level of our bank borrowings which in turn diminish the interest burden of the Group.

The Group is still confronting with financial difficulties in the foreseeable future. In order to relieve immediate pressure from the financial stress, the Group is now in active negotiation with our principal banks with a view to agreeing on new banking facilities and schedules for the repayment of the Group's outstanding bank loans. In the meantime, the Group is now in discussion with a few strategic investors in order to raise money to meet the current funding requirements.

The construction of Phase I of the Qiaotou plant in Dongguan, the PRC was completed in late September 2000. The two new PVC calender machines capable of producing semi-rigid and super-clear PVC sheeting, which are new to the Group, have been set up for commercial production in January 2001. The higher profit margin of the new PVC products will add extra contribution to the Group, which in turn lessens the cash flow shortage sometime in the future when the increased capacity is in full swing. The Group does not foresee any difficulty in soliciting sufficient orders to fill the expanded capacity.

Furthermore, two additional production lines will be relocated from the Group's other production units this year so that the production areas are centralised in Dongguan to obtain the economies of scale.

In order to improve the profit margin of the manufacturing units of the Group, a detailed investigation will be launched to reduce the production overheads of the production bases in the PRC. With an effective implementation in the reduction of the production costs, the Group will hence achieve better operating results.

With the continued support from all the banks, the implementation of an effective austerity program and the increase in the profit margin of the PVC products, the Group will rest on a much solid platform to restore its force to a profitable perspective.

INTERIM DIVIDEND

The Directors have resolved not to pay an interim dividend for the six months ended 30 September 2000.

DIRECTORS' INTERESTS IN SHARES

At 30 September 2000, the interests of the directors in the shares of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

A. The Company

Director	<i>Notes</i>	Number of ordinary shares held and nature of interest	
		Personal	Corporate
Tang Kuan Chien	(a)	43,598,000	270,065,000
Wong Chak Ming, William	(b)	-	48,930,000
Hui Lap Chun	(b)	-	48,930,000
Yiu Wing Ngok, Steve		30,000,000	-

(a) The corporate interest shares are held by Bestway Development Limited, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Tang Kuan Chien.

(b) These shares are held by Zurich Inc., a company incorporated in the British Virgin Islands, which is beneficially owned as to 65% by Mr. Wong Chak Ming, William and 35% by Mr. Hui Lap Chun.

B. Associated corporations

Other than the directors' interests as mentioned above, as at 30 September 2000, each of Mr. Wong Chak Ming, William and Mr. Hui Lap Chun beneficially owned the following non-voting deferred shares in the following subsidiaries of the Company:

Subsidiary	Number of non-voting deferred shares held	
	Wong Chak Ming, William	Hui Lap Chun
Bestget Plastic Products Limited	2,535,000	1,365,000
Bestway Plastic Products Limited	24,336,000	13,104,000
Foga Trading Company, Limited	35,750	19,250
Full Happy Limited	2,535,000	1,365,000
Happy Trip Limited	780,000	420,000
Rich Ocean Limited	650,000	350,000

Under option agreements dated 1 April 1994 between Bestway Group International Limited (formerly known as Luen Fat Hong (Holdings) Limited), a subsidiary of the Company, and the holders of the deferred shares of the above-named subsidiaries, options with no fixed exercise date were granted to Bestway Group International Limited to purchase all the non-voting deferred shares for a consideration of HK\$10 in total, for each of the above subsidiaries. At 30 September 2000, the options had not yet been exercised.

Save as disclosed above, none of the directors or their respective spouse or children under 18 years of age had any personal, family, corporate or other interest in the shares of the Company or any of its associated corporations as defined in the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Pursuant to the Company's share option scheme approved on 13 September 1995, the board of directors may, on or before 12 September 2005, grant options to employees and executive directors of the Company or any of its subsidiaries to subscribe for shares in the Company. The subscription price is the higher of 80% of the average of the closing share price on The Stock Exchange of Hong Kong Limited for the five trading days immediately preceding the date of the offer of the option and the nominal value of the shares. The maximum number of shares which can be granted

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under the scheme may not exceed 10% of the issued share capital of the Company from time to time. Under the scheme, options granted to the following directors which remained outstanding at 30 September 2000 were as follows:

Name of director	Number of share options at 31 March 2000	Lapsed during the period	Number of share options outstanding at 30 September 2000	Exercise period of share options	Exercise price of share options
Tang Kuan Chien	7,500,000	7,500,000	0	-	-
	6,000,000	-	6,000,000	26-3-98 to 25-3-01	0.380*
	10,000,000	-	10,000,000	27-2-00 to 26-2-03	0.100
Yiu Wing Ngok, Steve	7,500,000	7,500,000	0	-	-
	6,000,000	-	6,000,000	26-3-98 to 25-3-01	0.380*
	10,000,000	-	10,000,000	27-2-00 to 26-2-03	0.100
Wong Chak Ming, William	7,500,000	7,500,000	0	-	-
	6,000,000	-	6,000,000	26-3-98 to 25-3-01	0.380*
Hui Lap Chun	7,500,000	7,500,000	0	-	-
	6,000,000	-	6,000,000	26-3-98 to 25-3-01	0.380*
Chan Ying Kay, Keith	6,000,000	-	6,000,000	26-3-98 to 25-3-01	0.380*
	10,000,000	-	10,000,000	27-2-00 to 26-2-03	0.100
	<u>90,000,000</u>	<u>30,000,000</u>	<u>60,000,000</u>		

* *Adjusted to take into account the rights issues of the Company previously made.*

No options have been exercised since their date of grant.

SUBSTANTIAL SHAREHOLDERS

At 30 September 2000, the following interest of 10% or more of the issued share capital of the Company was recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Shareholder	Number of ordinary shares held	%
Bestway Development Limited	270,065,000	18.94

This interest is also included as a corporate interest of Mr. Tang Kuan Chien, as disclosed under "Directors' Interests in Shares" above.

Save as disclosed above, no persons, other than the directors of the Company, whose interests are set out in the section "Directors' interests in shares" above, had registered an interest in the share capital of the Company that was required to be recorded pursuant to Section 16(1) of the SDI Ordinance.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SHARES

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the period.

CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company had not been for any part of the accounting period covered by the interim report in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

On Behalf of the Board
Tang Kuan Chien
Chairman

Hong Kong, 22 January 2001