



BESTWAY INTERNATIONAL HOLDINGS LIMITED
百威國際控股有限公司

Stock Code : 718

The Board of Directors of Bestway International Holdings Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (hereinafter the "Group") for the six months ended 30 September 2007 together with the comparative figures for the corresponding period in 2006. The unaudited results have not been audited by the Company's auditors, but have been reviewed by the Company's Audit Committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the six months ended 30 September	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Revenue	4	114,248	145,646
Cost of sales		(109,095)	(137,466)
Gross profit		5,153	8,180
Other income	4	583	331
Selling and distribution costs		(1,492)	(1,433)
Administrative expenses		(12,684)	(10,063)
Other operating expenses		(1,302)	–
Finance costs	5	(1,988)	(1,748)
LOSS BEFORE TAX	6	(11,730)	(4,733)
Tax	7	–	–
LOSS FOR THE PERIOD		(11,730)	(4,733)
ATTRIBUTABLE TO:			
Equity holders of the Company		(11,685)	(4,544)
Minority interests		(45)	(189)
		(11,730)	(4,733)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
– basic (HK cents)	8	(3.028)	(0.088)
– diluted (HK cents)	9	N/A	N/A
Interim dividend per share		–	–

CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited) As at 30 September 2007 HK\$'000	(Audited) As at 31 March 2007 HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property plant and equipment		57,397	59,933
Prepaid lease payments		3,927	3,942
Long term receivables		2,643	2,643
		63,967	66,518
CURRENT ASSETS			
Inventories		24,666	24,368
Accounts and bills receivable	10	29,685	48,723
Prepayments, deposits and other receivables		7,545	8,019
Tax recoverable		53	53
Pledged deposits		8,370	8,370
Cash and bank balances		19,386	35,233
		89,705	124,766
Assets classified as held for sale		–	2,820
		89,705	127,586
CURRENT LIABILITIES			
Accounts and bills payables	11	16,914	33,582
Other payables and accruals		13,181	22,990
Tax payable		6,000	6,000
Interest-bearing bank and other borrowings		39,944	43,299
Provision		575	575
		76,614	106,446
NET CURRENT ASSETS		13,091	21,140

		(Unaudited)	(Audited)
		As at	As at
		30 September	31 March
		2007	2007
<i>Notes</i>		HK\$'000	HK\$'000
TOTAL ASSETS LESS			
CURRENT LIABILITIES		77,058	87,658
NON CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		10,534	10,571
		10,534	10,571
Net assets		66,524	77,087
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	14	38,590	38,590
Reserves	15	23,720	34,238
		62,310	72,828
Minority interests	15	4,214	4,259
Total equity		66,524	77,087

CONDENSED CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN EQUITY

	(Unaudited)	
	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Total equity at 1 April:	77,087	66,060
	<hr/>	<hr/>
Changes in equity during the period:		
Exchange differences on translating foreign operations	–	1,038
Value of employee services	1,167	40
	<hr/>	<hr/>
Net income recognized directly in equity	1,167	1,078
Loss for the period	(11,730)	(4,733)
	<hr/>	<hr/>
Total equity at 30 September	66,524	62,405
	<hr/>	<hr/>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	(Unaudited)	
	For the six months ended 30 September	
	2007	2006
	HK\$'000	HK\$'000 (Restated)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(7,946)	(7,261)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(4,509)	3,425
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	(3,392)	511
DECREASE IN CASH AND CASH EQUIVALENTS	(15,847)	(3,325)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	35,233	14,200
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	19,386	10,875
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	19,386	10,875
	19,386	10,875

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2007

1 Basis of preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and with Hong Kong Accounting Standard (“HKAS”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2 Principle accounting policies

The accounting policies and methods used in the preparation of the condensed interim financial statements are consistent with those set out in the 2007 annual report except for the adoption of new/revised Hong Kong Financial Reporting Standards (“HKFRS”) which are effective for accounting periods commencing on or after 1 April 2007 as set out below:

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of these new standards, amendments to standards and interpretations has no significant impact on the Group interim results and financial position.

2 Principle accounting policies (Continued)

The following new standards, amendments to standards and interpretations have been issued but are not effective for the year ending 31 March, 2008 and have not been early adopted by the Group:

HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

3 Segment Information

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

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

4 Revenue

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts, but excludes intra-group transactions.

An analysis of the group's revenue is as follows:–

	(Unaudited)	
	For the six months ended	
	30 September	
	2007	2006
	HK\$'000	HK\$'000
Revenue		
Sale of goods:		
PVC sheets	114,248	145,646
Other revenue		
Interest income	330	88
Sub-contracting fee income	253	234
Others	–	9
Total	583	331

5 Finance cost

	(Unaudited)	
	For the six months ended	
	30 September	
	2007	2006
	HK\$'000	HK\$'000
Interest on bank loans, overdrafts and other loans:–		
Wholly repayable within five years	1,966	1,726
Interest on finance leases	22	22
	1,988	1,748

6 Loss for the Period

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

	(Unaudited)	
	For the six months ended	
	30 September	
	2007	2006
	HK\$'000	HK\$'000
Cost of inventories sold	109,095	137,466
Depreciation	4,202	4,586
Gain on disposal of plants and equipments	724	–
Redundancy and restructuring expenses	2,026	–
	<u>116,047</u>	<u>142,052</u>

7 Tax

	(Unaudited)	
	For the six months ended	
	30 September	
	2007	2006
	HK\$'000	HK\$'000
Tax charge for the period	–	–
	<u>–</u>	<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.

The Group has tax losses arising in Hong Kong of HK\$125,377,171 as at 30 September 2007 (2006: HK\$150,623,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognized in respect of these losses as they have arisen in the companies that have been loss-making for some time.

8 Basic (Loss)/Earnings per Share

The calculation of basic loss per share amount is based on the unaudited loss for the period attributable to ordinary equity holders of the Company of HK\$11,685,000 (2006: HK\$4,544,000) and the weighted average number of 385,895,514 (2006: 5,145,273,520) ordinary shares in issue during the period.

9 Diluted Earnings per Share

No diluted earnings per share amounts for both the six months ended 30 September 2007 and 2006 presented, as the share option granted and outstanding did not have dilutive effect.

10 Accounts and Bills Receivable

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

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

	(Unaudited)	(Audited)
	As at	As at
	30 September	31 March
	2007	2006
	HK\$'000	HK\$'000
Within 30 days	15,314	21,973
Between 31 to 60 days	9,127	11,733
Between 61 to 90 days	3,813	11,635
Over 90 days	1,431	3,382
	29,685	48,723

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

11 Accounts and Bills Payable

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

	(Unaudited)	(Audited)
	As at	As at
	30 September	31 March
	2007	2006
	HK\$'000	HK\$'000
Within 30 days	8,518	13,113
Between 31 to 60 days	1,811	6,894
Between 61 to 90 days	1,701	7,861
Over 90 days	4,884	5,714
	<hr/>	<hr/>
	16,914	33,582
	<hr/>	<hr/>

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

12 Interest-bearing Bank and Other Borrowings

	(Unaudited)	(Audited)
	As at	As at
	30 September	31 March
	2007	2007
	HK\$'000	HK\$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	39,777	39,953
In the second year	–	–
In the third to fifth years, inclusive	–	–
	<hr/> 39,777 <hr/>	<hr/> 39,953 <hr/>
Other borrowings repayable:		
Within one year or on demand	–	3,179
In the second year	10,123	10,123
In the third to fifth years, inclusive	–	–
	<hr/> 10,123 <hr/>	<hr/> 13,302 <hr/>
Finance lease payables:		
Within one year or on demand	167	167
In the second year	182	182
In the third to fifth years, inclusive	229	266
	<hr/> 578 <hr/>	<hr/> 615 <hr/>
	<hr/> 50,478 <hr/>	<hr/> 53,870 <hr/>

13 Finance lease payables

The Group leases a motor vehicle for its business operations. The lease was classified as a finance lease and had a remaining lease term of five years.

The total future minimum lease payments under finance leases and their present values were as follows:

Group

	Minimum lease payments (Unaudited) As at 30 September 2007 HK\$'000	Minimum lease payments Audited As at 31 March 2007 HK\$'000	Present value of minimum lease payments (Unaudited) As at 30 September 2007 HK\$'000	Present value of minimum lease payments Audited As at 31 March 2007 HK\$'000
Amounts payable:				
Within one year	219	219	167	167
In the second year	219	219	182	182
In the third to fifth years, inclusive	293	329	229	266
	731	767	578	615
Future finance charges	(153)	(152)	-	-
	578	615	578	615
Portion classified as current			(167)	(167)
Non-current portion			411	448

14 Share capital

(Unaudited)	(Audited)
As at	As at
30 September	31 March
2007	2007
HK\$'000	HK\$'000

Authorised:

1,200,000,000 ordinary shares of HK\$0.10 each	120,000	120,000
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Issued and fully paid:

385,895,514 (31 Mar 2007:385,895,514) ordinary shares of HK\$0.10 each	38,590	38,590
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The Company and the Subscriber (Wealth Pod Limited) entered into the Subscription agreement on 23 August 2007 for the subscription of 51 million New Shares at a price of HK\$0.41 per New Share. The Completion of the Subscription was on 22 October 2007 and the issued shares was increased to 436,895,514 shares at HK\$0.10 each thereafter.

15 Consolidated Statement of Changes in Equity

	(Unaudited)									
	For the six months ended 30 September 2007									
	Issued Share Capital HK\$'000	Share Premium account HK'000	Contributed surplus HK\$'000	Employee share-based compensation reserve HK\$'000	Assets revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority Interests HK\$'000	Total equity HK\$'000
At 1 April 2007	38,590	14,610	52,743	1,785	1,462	(7,770)	(28,592)	72,828	4,259	77,087
Recognition of equity-settled share-based payments	-	-	-	1,167	-	-	-	1,167	-	1,167
Exchange difference arising from translation of financial statement of PRC subsidiaries	-	-	-	-	-	-	-	-	-	-
Net loss for the period ended	-	-	-	-	-	-	(11,685)	(11,685)	(45)	(11,730)
At 30 September 2007	38,590	14,610	52,743	2,952	1,462	(7,770)	(40,277)	62,310	4,214	66,524

15 Consolidated Statement of Changes in Equity (Continued)

	(Unaudited)									
	For the six months ended 30 September 2006									
	Issued Share Capital HK\$'000	Share Premium account HK'000	Contributed surplus HK\$'000	Employee share-based compensation reserve HK\$'000	Assets revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority Interests HK\$'000	Total equity HK\$'000
At 1 April 2006	51,453	6,892	52,743	-	462	(14,132)	(35,920)	61,498	4,562	66,060
Recognition of equity-settled share-based payments	-	-	-	40	-	-	-	40	-	40
Exchange difference arising from translation of financial statement of PRC subsidiaries	-	-	-	-	-	1,038	-	1,038	-	1,038
Net profit for the period end	-	-	-	-	-	-	(4,544)	(4,544)	(189)	(4,733)
At 30 September 2006	51,453	6,892	52,743	40	462	(13,094)	(40,464)	58,032	4,373	62,405

16. Related party transactions

In addition to those transactions and balances disclosed elsewhere in these financial statements, the Group also had the following significant transactions with related parties during the year:

- (i) Certain of the Group's loan facilities were supported/pledged by personal guarantees executed by a director and his spouse to the extent of HK\$21,444,000, for a bank loan granted to the Group in the amount of HK\$21,444,000 as at 30 September 2007 (as at 31 March 2007: HK\$19,707,000)
- (ii) Compensation of key management personnel of the Group:

	For the six months ended 30 September	
	2007	2006
	HK\$'000	HK\$'000
Short term employee benefits	1,484	1,442
Post-employment benefits	16	12
Total compensation paid to key management	1,500	1,454

MANAGEMENT DISCUSSION AND ANALYSIS

Results

During the period, the Group continues its principal business activities in the manufacturing and trading of PVC films in the PRC and recorded a turnover of HK\$114,248,000 (2006: HK\$145,646,000) which represented a decrease in turnover of approximately 21.56% over that achieved for the corresponding period last year. Gross profit margin had decreased to 4.51% as compared with last year of 5.62%. The decreased in turnover and gross profit margin was mainly due to the higher crude oil price which had adverse effects to the Group in term of sales volume and costs of materials and the Group had disposed two production lines. The sales volume and average selling price per ton for the period was 10,341 tones and HK\$11,048 as compared with 15,043 tones and HK\$9,680 for the corresponding period last year which had a decrease of 4,702 tones and increase in the price of HK\$1,368 per ton respectively. The net loss attributable to ordinary equity holders of the Company was HK\$11,685,000, compared with HK\$4,544,000 incurred for the corresponding period last year. The Group's basic loss per share for the period was HK\$3.028 cent when compared with HK\$0.088 cent for the corresponding period last year.

Events during the period

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

A 97.65% owned subsidiary, Dongguan Bestway Plastic Manufactory (DG Bestway) originally had four production lines in existing, two of production lines moved to its wholly owned subsidiary, DG Best Faith located at Shi Shui Kou Villiage, Qiao Tou Town, Dongguan City. And the remaining of two production lines in DG Bestway were disposed to a third party namely 揭陽市中誠化學工業有限公司 as at a total consideration price of RMB6,800,000 which has a net book value of RMB2,785,925. A gain of RMB3,524,075 arised from the disposal after the expense.

The Company and the Subscriber (Wealth Pod Limited) entered into the Subscription agreement on 23 August 2007 for the subscription of 51 million New Shares at a price of HK\$0.41 per New Share. The Completion of the Subscription was on 22 October 2007 and the issued shares was increased to 436,895,514 shares at HK\$0.10 each thereafter.

Prospects

The Group had completed its plant relocation during the period with its restructured production lines commenced trial production in July 2007. Its utilization rate had resumed to 75% in November 2007. We expect the utilization rate of the Group's production lines will continue to improve to reach its economies of scale. Furthermore, the newly purchased energy facilities of the Group had also completed its installation in November 2007. Such facilities utilize cheaper energy to offset against the effects of escalating energy prices. We shall continue to devote ourselves in product development and to expand new customer base for high value-added products. We expect the aforesaid activities will improve the operating conditions of the Group.

Financial Review

Liquidity and other Financial Resources

As at 30 September 2007, the Group's bank and other borrowings amounted to HK\$50,478,000 which is a decrease of HK\$3,392,000 from its borrowings of HK\$53,870,000 at the year ended 31 March 2007.

Of the Group's total borrowings at 30 September 2007:

- (i) HK\$21,444,000 is at floating interest rates and HK\$29,034,000 is at fixed interest rates.
- (ii) 1.15% is denominated in Hong Kong Dollars and 56.37% is denominated in Renminbi and 42.48% in United States Dollars

As at 30 September 2007, the Group's cash and bank balances amounted to HK\$19,386,000 (as at 31 March 2007: HK\$ 35,233,000). The Group's net asset value amounted to approximately HK\$66.52 million (as at 31 March 2007: 77.09 million) with total assets approximately HK\$153.67 million (as at 31 March 2007: 194.10 million). Net current assets were approximately HK\$13.09 million (as at 31 March 2007: 21.14 million) and the current ratio was 1.17 times (as at 31 March 2007: 1.20 times).

The gearing ratio, expressed as the percentage of total borrowings to total net assets, was 75.88% as at 30 September 2007 (as at 31 March 2007: 69.88%).

Capital expenditure

During the six months period ended 30 September 2007, the Group has spent HK\$4.5 million for the upgrading of existing machinery (six months ended 30 September 2006: HK\$0.6 million).

Post balance sheet event

The Company with the Vendor (“Mr. Suen”) had entered into the Acquisition Agreement to acquire 100% of the issued share capital of Halliwood Group (“Halliwood”) and the Sale Debts at a total consideration of HK\$1,100 million. Halliwood is established to carry on the Biodiesel Business. Halliwood holds a land use right of land having an area of approximately 105,705 square metres located in Taicang Port, Jiangsu Province, PRC which will be used to establish a biodiesel plant. The Completion of the Acquisition will be in three stages, namely Tranche 1 Completion of Acquisition of 25% issued share capital of Halliwood, Tranche 2 Completion of Acquisition of 24% issued capital of Halliwood and Tranche 3 Completion of Acquisition of 51% issued share capital of Halliwood. As set out in each of the Tranche 1 Completion Conditions and Tranche 3 Completion Conditions of the Acquisition Agreement, the Company is required, on its best endeavours, to procure a bank or financial institution (when required, a security will be granted in favour of the lender(s) by the Company in form of the corporate guarantee) to make available loan facility of not less than HK\$200 million to Halliwood upon each respective Tranche 1 Completion and Tranche 3 Completion for the purpose of financing the Biodiesel Business, interests and fees payable in connection with such loan facilities. The Acquisition will broaden the revenue sources and diversify into new areas of high-potential business to the Company. The Acquisition will be subject to the Shareholders’ approval at the coming SGM.

Charges on Group Assets

The Group Pledged a bank deposits of HK\$8,370,000 as at 30 September 2007 (as at 31 March 2007: HK\$8,370,000) in return for granting banking facilities of USD3,000,000 by a principal banker. Certain of the Group’s medium term leasehold land and the building with net book value of HK\$11.0 million (as at 31 March 2007: HK\$11.17 million) which was revalued by LCH (Asia Pacific) Surveyors Limited, independent professionally qualified valuer, on the open market, existing use basis, at 31 March 2007 at HK\$25,760,000 in aggregate, were pledged to secure a loan of RMB10.12 million granted to the Group.

Exposure to Foreign Exchange Fluctuation

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

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

Contingent Liabilities

As at 30 September 2007, the Group gave a guarantee of banking facilities granted to independent third parties amounting to HK\$7.09 million (as at 31 March 2007: HK\$7.09 million).

Employees

As at 30 September 2007, the Group had approximately 177 employees full time managerial, administrative and manufacturing employees. The Group affords competitive remuneration packages to its employees based on prevailing and industry practice and provides most of its employees in the PRC with rent-free quarters and messings. Compensation policies are reviewed regularly and are designed to reward and motivate productivity and performance.

INTERIM DIVIDEND

The directors have resolved not to pay an interim dividend for the six months ended 30 September 2007.

DIRECTORS' INTERESTS IN SHARES

Directors' interests and short positions in shares, underlying shares and debentures

At 30 September 2007, the interests of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of the Listed Companies, were as follows:

Long positions in ordinary shares of the Company:

Number of shares held, capacity and nature of interest

Name of director	Directly beneficially owned	Through Shares of Share options	Through controlled corporation	Total	Percentage of the Company's issued share Capital
Tang Kuan Chien	7,001,050	70,000	59,315,132 [#]	66,386,182	17.20
Tang Wei Lun	2,250,000	70,000	-	2,320,000	0.60
Lam Chi Yin Henry	-	70,000	-	70,000	0.02
Ng. Man Kin Kenneth	-	500,000	-	500,000	0.13
Hung Shean-I	450,000	70,000	-	520,000	0.13
Wong Nai Ping	388,650	70,000	-	458,650	0.12
Au Kowk Yee Benjamin	-	70,000	-	70,000	0.02

[#] *The corporate interest shares are held as to 20,152,375 by Bestway Development Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Tang Kuan Chien, and as to 39,162,757 shares by Best Online Limited, a company incorporated in the British Virgin Islands and wholly-owned by Ms. Wang Ya Chin, the spouse of Mr. Tang Kuan Chien.*

In addition to the above, Mr. Tang Kuan Chien has non-beneficial personal equity interests in certain subsidiaries held in trust for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

At 30 September 2007, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	<i>Notes</i>	Number of ordinary shares held Long position	Percentage of the Company's issued share capital
Ms. Wang Ya Chin	(a)	66,386,182	17.20
Best Online Limited	(b)	39,162,757	10.15
Bestway Development Limited	(b)	20,152,375	5.22

Notes:

- (a) The interests of Ms. Wang Ya Chin include the 39,162,757 shares held by Best Online Limited, being the personal and corporate interests of Mr. Tang Kuan Chien as disclosed under the heading "Directors' interests and short positions in shares, underlying shares and debentures" above.
- (b) These interests are also included as a corporate interest of Mr. Tang Kuan Chien as disclosed under the heading "Directors' interests and short positions in shares, underlying shares and debentures" above.

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section “Directors’ interests and short positions in shares, underlying shares and debentures” above, had registered an interest or short position in the shares, underlying shares or debentures of the Company that was required to be recorded pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The share option scheme for the employees and executive directors of the Company and its subsidiaries which was adopted at a special general meeting of the shareholders of the Company held on 13 September 1995 was terminated at the annual general meeting of the Company held on 19 August 2003. At the same annual general meeting, a new share option scheme, details of which appeared in a Circular to shareholders of 25 July 2003, was approved.

On 25 September 2006, the Company has granted an employee share options to executive/non-executive directors and employees to enhance their contributions and continue services to the Company. Approximately HK\$1,167,000 has been charged to the income statement as the cost of share option for the period from 1 April 2007 to 30 September 2007. The fair value of total share options is HK\$3,597,000 which was valued by LCH (Asia-Pacific) Surveyors Limited.

As at 30 September 2007, the outstanding share options are as follow:-

	Exercisable Price	Option Commencing	Period Expiring	Outstanding as at 01.04.2007	Lapsed during the period	Outstanding as at 30.09.2007
<i>Executive Director</i>						
Tang Kuan Chien	HK\$0.70	25 Sept 2006	24 Mar 2008	140,000	70,000	70,000
Lam Chi Yin Henry	HK\$0.70	25 Sept 2006	24 Mar 2008	140,000	70,000	70,000
Tang Wei Lun	HK\$0.70	25 Sept 2006	24 Mar 2008	140,000	70,000	70,000
Ng Man Kin Kenneth	HK\$0.70	25 Sept 2006	24 Mar 2008	1,000,000	500,000	500,000
<i>Non-executive Director</i>						
Hung Shean-I	HK\$0.70	25 Sept 2006	24 Mar 2008	140,000	70,000	70,000
Wong Nai Ping	HK\$0.70	25 Sept 2006	24 Mar 2008	140,000	70,000	70,000
Au Kwok Yee Benjamin	HK\$0.70	25 Sept 2006	24 Mar 2008	140,000	70,000	70,000
Other employees	HK\$0.70	25 Sept 2006	24 Mar 2008	12,210,000	6,105,000	6,105,000
Sub-total				<u>14,050,000</u>	<u>7,025,000</u>	<u>7,025,000</u>

PURCHASES, SALES OR REDEMPTION OF THE COMPANY'S LISTED SHARES

The Company or its subsidiaries have not purchased, sold or redeemed any shares of the Company during the six months ended 30 September 2007.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Main Board Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors namely, Mr. Hung Shean-I, Mr. Wong Nai Ping and Mr. Au Kwok Yee, Benjamin of the Company. It has reviewed by the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial statements for the period.

CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company complied with the Code of Best Practice (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the accounting period covered by the interim report, except that (i) Code Provision A.2.1, under this code provision, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Tang Kuan Chien is the Chairman of the Board and the managing director of the Company. In the opinion of the Board, the role of the managing director and the chief executive officer is the same. The Board considers that the present structure provides the Group with strong and consistent leadership and allows for efficient and effective business planning and execution. Hence, the Board believes that it is in the best interest of the shareholders of the Company that Mr. Tang Kuan Chien will continue to assume the roles of the Chairman of the Board and the managing director of the Company. However, the Company will review the current structure and when it becomes appropriate in future.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the Company’s code of conduct for dealings in securities of the Company by directors. Based on specific enquiry of the Company’s directors, the directors have complied with the required standard set out in the Model Code throughout the accounting period covered by the interim report.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the “Remuneration Committee”) pursuant to a resolution of the Board passed on 25 July 2005 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The primary role of the Remuneration Committee is to ensure that there is a formal and transparent procedure adopted by the Company for developing policies on, and for overseeing, the remuneration packages of all the directors of the Company.

The Remuneration Committee comprises Mr. Wong Nai Ping, Mr. Hung Shean-I and Mr. Tang Wei Lun. Mr. Wong Nai Ping is the chairman of the Committee.

No Committee meeting was held during the period.

NOMINATION COMMITTEE

The Company established a nomination committee (the “Nomination Committee”) pursuant to a resolution of the Board passed on 25 July 2005 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The primary role of the Nomination Committee is to ensure that there is a formal and transparent procedure adopted by the Company for the nomination of directors of the Company.

The Nomination Committee comprises Mr. Wong Nai Ping, Mr. Hung Shean-I directors and Mr. Tang Wei Lun. Mr. Wong Nai Ping is the chairman of the Committee.

During the period, the nomination committee nominate Mr. Ng Man Kin Kenneth, Mr. Chim Kim Lun Ricky and Mr. Fok Po Tin as the executive directors of the Company.

On behalf of the Board

Bestway International Holdings Limited

Tang Kuan Chien

Chairman

Hong Kong, 18 December 2007