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BESTWAY INTERNATIONAL HOLDINGS LIMITED

百威國際控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 718)

**ANNOUNCEMENT OF INTERIM RESULTS FOR
THE SIX MONTHS ENDED 30 SEPTEMBER 2011**

The Board of Directors (the “Board”) of Bestway International Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated interim financial statements of the Company and its subsidiaries (collectively known as the “Group”) for the six months ended 30 September 2011. The unaudited condensed interim consolidated financial statements were not audited but have been reviewed by the Company’s audit committee (the “Audit Committee”).

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

		Six months ended	
		30 September	
		2011	2010
	<i>Notes</i>	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Revenue	4	506	532
Cost of sales		<u>(481)</u>	<u>(491)</u>
Gross profit		25	41
Other income	4	–	1
Administrative expenses		(1,815)	(2,347)
Other operating expenses, net		(4)	(8)
Finance costs	6	<u>(789)</u>	<u>(772)</u>
Loss before taxation	7	(2,583)	(3,085)
Taxation	8	<u>–</u>	<u>–</u>
Loss for the period		(2,583)	(3,085)
Other comprehensive (expenses)/income			
Exchange difference arising on translation		<u>(75)</u>	<u>29</u>
Total comprehensive expenses for the period		<u>(2,658)</u>	<u>(3,056)</u>
Loss per share for loss attributable to the owners of the Company during the period	<i>10</i>		
Basic		<u>(0.10)HK cents</u>	<u>(0.18)HK cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011

	<i>Notes</i>	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment		257	314
Exploration and evaluation assets		2,672	2,837
Mining rights	11	<u>735,657</u>	<u>735,657</u>
		<u>738,586</u>	<u>738,808</u>
Current assets			
Trade receivables	12	506	1,323
Prepayments, deposits and other receivables		518	395
Bank balances and cash		<u>4,365</u>	<u>6,331</u>
		<u>5,389</u>	<u>8,049</u>
Current liabilities			
Trade and bill payables	13	480	1,262
Other payables and accruals		<u>3,289</u>	<u>3,520</u>
		<u>3,769</u>	<u>4,782</u>
Net current assets		<u>1,620</u>	<u>3,267</u>
Total assets less current liabilities		<u>740,206</u>	<u>742,075</u>
Non-current liabilities			
Promissory notes		20,003	19,214
Deferred tax liabilities		<u>163,913</u>	<u>163,913</u>
		<u>183,916</u>	<u>183,127</u>
Net assets		<u><u>556,290</u></u>	<u><u>558,948</u></u>
Capital and reserves			
Share capital		323,357	323,357
Reserves		<u>232,933</u>	<u>235,591</u>
Total equity		<u><u>556,290</u></u>	<u><u>558,948</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

1. General information

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

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

2. Basis of preparation

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

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2011, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include individual Hong Kong Financial Reporting Standards, HKAS and Interpretations) as disclosed in note 3.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2011.

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

3. Adoption of new or amended HKFRSs

In the current period, the Group has applied for the first time the following new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual financial period beginning on 1 April 2011.

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

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

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

HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets ¹
HKFRS 9	Financial Instruments ²
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ⁴
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ³
HKAS 19 (Revised 2011)	Employee Benefits ²
HKAS 27 (Revised 2011)	Separate Financial Statements ²
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures ²

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2012

⁴ Effective for annual periods beginning on or after 1 July 2012

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

4. Revenue and other income

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

An analysis of revenue and other income is as follows:

	Six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Revenue		
Sales of goods	<u><u>506</u></u>	<u><u>532</u></u>
Other income		
Bank interest income	<u><u>-</u></u>	<u><u>1</u></u>

5. Segment information

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

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

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

6. Finance costs

	Six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on promissory notes	<u>789</u>	<u>772</u>

7. Loss before taxation

Loss before taxation has been arrived at after charging the followings:

	Six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold	481	491
Depreciation	39	36
Net exchange loss *	–	5
Staff costs and wages, including directors' remuneration	<u>645</u>	<u>780</u>

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

8. Taxation

No Hong Kong Profits Tax has been provided as the Group had no assessable profit for the six months ended 30 September 2011 (six months ended 30 September 2010: Nil).

9. Dividend

The Board does not recommend any payment of interim dividend for the six months ended 30 September 2011 (six months ended 30 September 2010: Nil).

10. Loss per share

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

	Six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss		
Loss for the period attributable to the owners of the Company for the purpose of basic loss per share	<u>(2,583)</u>	<u>(3,085)</u>
	Six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>2,669,563</u>	<u>1,673,606</u>

No diluted loss per share for the six months ended 30 September 2011 and 2010 was presented as the potential ordinary shares on convertible preference shares were anti-dilutive.

11. Mining rights

	<i>HK\$'000</i>
Cost	
Balance at 31 March 2011 and 30 September 2011	1,001,130
Amortisation	
Balance at 31 March 2011 and 30 September 2011	<u>265,473</u>
Carrying value	
Balance as at 31 March 2011 and 30 September 2011	<u><u>735,657</u></u>

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

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

During the year ended 31 March 2011, the directors of the Company reassessed the recoverable amount of the mining rights with reference to the valuation performed by Messrs. Norton Appraisals Limited, an independent qualified professional valuer and determined that an impairment loss of HK\$265,473,000 in respect of mining rights was identified. The recoverable amount of the mining rights was based on value-in-use calculations and key assumptions adopted include estimated mine reserves based on technical assessment reports and the expectation for market development.

12. Trade receivables

	30 September 2011 (Unaudited) <i>HK\$'000</i>	31 March 2011 (Audited) <i>HK\$'000</i>
Trade receivables	<u><u>506</u></u>	<u><u>1,323</u></u>

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

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

	30 September 2011 (Unaudited) <i>HK\$'000</i>	31 March 2011 (Audited) <i>HK\$'000</i>
Within 30 days	506	–
31 to 60 days	<u>–</u>	<u>1,323</u>
	<u><u>506</u></u>	<u><u>1,323</u></u>

13. Trade and bills payables

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

	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
31 to 60 days	480	–
61 to 90 days	–	1,262
	<u>480</u>	<u>1,262</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

For the six months ended 30 September 2011, the Group recorded a revenue of approximately HK\$506,000 (six months ended 30 September 2010: HK\$532,000). The Group recorded a loss attributable to the owners of the Company of HK\$2,583,000 for the six months ended 30 September 2011 (six months ended 30 September 2010: HK\$3,085,000). The basic loss per share for the six months ended 30 September 2011 were HK\$0.10 cents (six months ended 30 September 2010: HK\$0.18 cents).

Trading of Goods

The Group recorded a revenue of HK\$506,000 (six months ended 30 September 2010: HK\$532,000) which represented a decrease in revenue of approximately 4.89% over the corresponding period of last year. Gross profit margin had decreased to 4.9% (six months ended 30 September 2010: 7.7%). The decrease of gross profit margin was mainly due to the absence of PVC film trading income. The Group will take more effort to source more orders from the customers to improve results.

Mining Business

During the period ended 30 September 2011, there is no active operation of mining business. Because the Company intends to better identify the Mongolia tungsten resources and the management wishes to engage a qualified mineral technical advisor to provide further assistance in design of the exploration programs. The management believes that the results to be obtained from the new exploration work (including re-drilling and re-sampling) will be suitable and sufficient support a resource estimate in compliance with the Listing Rules. The management further believes that new resources estimate could also be used to produce a more reliable and accurate mining program. For the addition work to be done as described above, the expected production schedule will be further delayed and the Group will continue to renew the licences and comply with the requirement of the Law on Mineral Resources of Mongolia.

Prospects

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

Liquidity and Financial Resources

As at 30 September 2011, the Group's bank balances and cash amounted to approximately HK\$4,365,000 (31 March 2011: HK\$6,331,000). The Group's net assets value amounted to approximately HK\$556,290,000 (31 March 2011: HK\$558,948,000) with total assets approximately HK\$743,975,000 (31 March 2011: HK\$746,857,000). Net current assets were approximately HK\$1,620,000 (31 March 2011: HK\$3,267,000). The current ratio was 1.43 times (31 March 2011: 1.68 times).

The gearing ratio 0.25 (31 March 2011: 0.25) expressed as the percentage of total liabilities over total assets.

Charges on Group Assets

As at 30 September 2011, the Group did not have any charge on group assets (31 March 2011: Nil).

Exposure to Foreign Exchange Fluctuation

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

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

Capital Commitments

As at 30 September 2011, the Group did not have significant capital commitments (31 March 2011: Nil).

Contingent Liabilities

As at 30 September 2011, the Group did not have significant contingent liabilities (31 March 2011: Nil).

Employee Information

As at 30 September 2011, the Group had approximately 16 full time managerial, administrative employees. The Group affords competitive remuneration packages to its employees based on prevailing and industry practice. Compensation policies are reviewed regularly and are designed to reward and motivate productivity and performance.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2011 (six months ended 30 September 2010: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

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

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company and the Board have applied the principles in the code provisions of the Code on Corporate Governance Practices (the “**CG Codes**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) by adopting the code provisions of the CG Codes.

During the six months ended 30 September 2011, the Board has adopted and complied with the code provisions of the CG Codes in so far they are applicable with the except for the following deviations.

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

CG Codes provision E.1.2, it stipulates that the chairman of the Board should attend the annual general meeting (the “**AGM**”) of the Company. The chairman did not attend the 2011 AGM due to the chairman is vacated. An executive director had chaired the 2011 AGM and answered questions from the shareholders.

The Board will review the management structure of the Group from time to time and will adopt appropriate measures as may be desirable for future development of the operating activities or business of the Group.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code of Securities Transactions by Directors by Listed Issuers (the “**Model Code**”) set out in Appendix 10 of the Listing Rules as its own code of directors. Upon enquiry by the Company, all directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2011.

AUDIT COMMITTEE

The Company has an audit committee (the “**Audit Committee**”) which was established in accordance with the requirements of the CG Codes for the purposes of reviewing the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors of the Company. The members of the Audit Committee (Ms. Lau Siu Ngor, Mr. Au Kwok Yee Benjamin and Mr. Lum Pak Sum) have reviewed the unaudited financial statements of the Group for the six months ended 30 September 2011 and are of the opinion that such statements comply the applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (<http://www.irasia.com/listco/hk/bestway/index.htm>) and the Stock Exchange (<http://www.hkex.com.hk>). The interim report of the Company for 2011 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and made available on the above websites in due course.

APPRECIATION

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

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

Hong Kong, 28 November 2011

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