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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 2014

The Board of Directors (the “Board”) of Bestway International Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively known as the “Group”) for the six months ended 30 September 2014. The unaudited condensed consolidated interim 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 2014

	Notes	Six months ended 30 September 2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Revenue	4	**460**	–
Cost of sales		**(459)**	–
Gross profit		**1**	–
Other income	4	**50**	–
Administrative expenses		**(3,049)**	(3,455)
Other operating expenses		**(133)**	(7)
Loss before income tax	6	**(3,131)**	(3,462)
Income tax expense	7	**–**	–
Loss for the period		**(3,131)**	(3,462)
Other comprehensive income			
Item that may be reclassified subsequently to profit and loss			
– Exchange difference on translation of financial statements of foreign operations		**(71)**	(104)
Total comprehensive income for the period		**(3,202)**	(3,566)
Loss attributable to:			
– Owners of the Company		**(3,047)**	(3,462)
– Non-controlling interests		**(84)**	–
		(3,131)	(3,462)
Total comprehensive income attributable to:			
– Owners of the Company		**(3,118)**	(3,566)
– Non-controlling interests		**(84)**	–
		(3,202)	(3,566)
Loss per share			
Basic and diluted	9	**(0.31)HK cents**	(0.46)HK cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	Notes	30 September 2014 (Unaudited) HK$'000	31 March 2014 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**27**	16
Mining rights	*10*	**737,561**	737,561
		737,588	737,577
Current assets			
Trade receivable	*11*	**352**	1,372
Inventories		**1,277**	615
Deposits, prepayments and other receivables		**18**	166
Cash and cash equivalents		**106,199**	24,514
		107,846	26,667
Current liabilities			
Trade payable	*12*	**351**	1,248
Other payables and accruals		**1,690**	2,131
		2,041	3,379
Net current assets		**105,805**	23,288
Total assets less current liabilities		**843,393**	760,865
Non-current liabilities			
Deferred tax liabilities		**163,913**	163,913
		163,913	163,913
Net assets		**679,480**	596,952
Capital and reserves			
Share capital		**52,296**	44,796
Reserves		**627,184**	552,156
Total equity		**679,480**	596,952

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

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 1611, 16th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong.

The Company and its subsidiaries (the "Group") were principally involved in trading of goods and mining business of the natural resources of tungsten.

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 2014, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include individual Hong Kong Financial Reporting Standards, HKAS and Interpretations) as disclosed in note 3.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2014.

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis.

3. Adoption of new or amended HKFRSs

The accounting policies adopted for the preparation of unaudited condensed consolidated interim financial statements are consistent with those set out in the consolidated financial statements of the Group for the year ended 31 March 2014, the new or amended HKFRSs which have become effective in this period have no material impact on the accounting policies in the Group's unaudited condensed consolidated interim financial statements for the period.

The Group has not applied the new or amended HKFRSs that have been issued but are not effective. The Group has already commenced an assessment of the impact of these new or amended HKFRSs but is not yet in a position to state whether these new or amended HKFRSs would have a material impact on its results of operations and financial position.

4. Revenue and other income

Revenue of the Group, which is also the turnover of the Group, represents the net invoiced value of goods sold, net of allowances for returns, trade discounts and value-added tax.

An analysis of the Group's revenue and other income is as follows:

	Six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**460**	–
Other income		
Bank interest income	**50**	–

5. Segment information

The chief operating decision makers have been identified as the Company's executive directors. Since no active operation took place between the date of acquisition and the end of the reporting period as to the Group's mining business. Therefore, the executive directors consider there to be only one operating segment (i.e. trading business) under the requirements of HKFRS 8.

No geographical segment analysis is provided as revenue of the Group was generated from trading business in the People's Republic of China (the "PRC") and Hong Kong and substantial amount of the Group's assets and liabilities are located in the PRC and Mongolia.

6. Loss before income tax

Loss before income tax has been arrived at after charging:

	Six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories sold	**459**	–
Depreciation of property, plant and equipment	**27**	36
Staff costs and wages, including directors' remuneration	**876**	686
Operating lease charge in respect of office premise	**160**	464

7. Taxation

No Hong Kong profits tax has been provided in the Interim Financial Statements as the Group has no assessable profit during the period (six months ended 30 September 2013: Nil).

Enterprise Income Tax ("EIT") arising from the PRC is calculated according to the relevant laws and regulations in the PRC. The applicable tax rate for the EIT is 25%. No EIT has been provided for the period ended 30 September 2014 as the Group has no assessable profit during the period (six months ended 30 September 2013: Nil).

Subsidiaries incorporated in Mongolia are subject to Mongolian income tax which is calculated at the rate of 10% on the first 3 billion Mongolian Turgrik of taxable income and 25% on the amount in excess thereof. No income tax was provided as these Mongolian subsidiaries have not derived any taxable income during the period end 30 September 2014 (six months ended 30 September 2013: Nil).

8. Dividend

The Board does not recommend any payment of interim dividend for the six months ended 30 September 2014 (six months ended 30 September 2013: Nil).

9. Loss per share

The calculation of basic loss per share for the six months ended 30 September 2014 is based on the loss attributable to owners of the Company of approximately HK$3,047,000 (six months ended 30 September 2013: loss of approximately HK$3,462,000) and the weighted average of 995,912,439 (six months ended 30 September 2013: 746,712,436 ordinary shares restated for the share consolidation effective from 7 November 2013) ordinary shares in issue during the period, as adjusted to reflect the new issue of the company shares in May 2014.

Diluted loss per share for the six months ended 30 September 2014 and 2013 are the same as the basic loss per share as the Company has no dilute potential ordinary shares outstanding during both periods.

10. Mining rights

The mining rights represent the rights to conduct mining activities in the location of Nogoonnuur Soum and Tsengel Soum of Bayan-Ulgii Aimag in Mongolia, and have legal lives of 17 to 22 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 of the Company, 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. No active mining operation of the Group has taken place.

During the year ended 31 March 2014, the directors re-assessed the recoverable amount of the mining rights by using fair value less costs of disposal and they were of the view that no impairment in respect of the mining rights was identified for the year ended 31 March 2014. The fair value less costs of disposal was derived by using discounted cash flow analysis. The discount cash flow analysis incorporated assumptions that a typical market participant would use in estimating the fair value of the mining rights. The discount cash flows analysis used cash flow projection for a period of 3 to 7 years and the discount rates applied to the cash flow projection are 22%-24%. In determining the discount rates, the weighted average cost of capital was used, which is determined with reference to the industry capital structure of market comparables with mining projects, and taken into account the specific risks encountered by the mining rights. Other key assumptions adopted include estimated selling price, industry average gross margin, estimated mine reserve based on technical assessment reports and the expectation for market development. Given that there is no significant change in the market conditions since 31 March 2014, based on the assessment of the directors, no impairment is necessary as there are no indications of impairment.

11. Trade receivable

Ageing analysis of the Group's trade receivable as at the respective reporting dates, based on invoice date is as follows:

	30 September 2014 (Unaudited) ***HK$'000***	31 March 2014 (Audited) *HK$'000*
Within 30 days	**352**	1,372

The Group allows a credit period from 0 to 30 days for the six months ended 30 September 2014.

The Group's trade receivable is neither past due nor impaired as at the reporting date and it is related to a customer for whom there was no recent history of default.

12. Trade payable

An aged analysis of the trade payables, based on the invoice date, is as follows:

	30 September 2014 (Unaudited) ***HK$'000***	31 March 2014 (Audited) *HK$'000*
Within 30 days	**351**	1,248

Trade payable is non-interest bearing and normally settled on terms of 30 days.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The Group's revenue for the six months ended 30 September 2014 was approximately HK$460,000 (six months ended 30 September 2013: Nil) and the administrative expenses for the period were approximately HK$3,049,000 which represented a decrease of 11.75% compared to the administrative expenses incurred in same period of last year. The loss attributable to the owners of the Company for the six months ended 30 September 2014 was HK$3,131,000 (six months ended 30 September 2013: HK$3,462,000). The basic loss per share for the six months ended 30 September 2014 were HK$0.31 (six months ended 30 September 2013: HK$0.46).

Capital Structure

As announced by the Group on 15 May 2014, the Company completed the subscription of 150,000,000 new shares at the subscription price of HK$0.56 per subscription share under Specific Mandate on 8 May 2014. The 150,000,000 new shares represented about 16.74% of the issued share capital of the Company prior to the placing and about 14.34% of the enlarged share capital of the Company immediately after the subscription.

The directors believe that the above fund raising exercise provided an opportunity to broaden the shareholder base and strengthened the capital base of the Group. The net proceeds derived from the Subscription is approximately HK$83,700,000, of which up to RMB57.5 million (equivalent to approximately HK$71,875,000) will be used for the joint venture (the "JV") set up by the Company to develop the business relating to medical devices and equipment in the PRC, as disclosed in the announcement of the Company dated 20 March 2014 (RMB7.5 million (equivalent to approximately HK$9,375,000) as capital contribution and not more than RMB50 million (equivalent to approximately HK$62,500,000) as shareholder's loan to the JV); and the remaining balance will be used by the Group as general working capital.

Trading of Goods

The Group recorded a revenue of approximately HK$460,000 (six months ended 30 September 2013: Nil) for the trading goods including computer parts, wine and tea. The Group will take more effort to source more orders from the customers to improve its results.

Mining Business

Since completion of the acquisitions of the Mongolia subsidiaries in December 2009, the operation of the Mongolian tungsten mines has remained stagnant. The Group has re-engaged Ms. Yang Lee (our former executive director who has extensive experience in the resources industry) as consultant and has engaged a Mongolian professional firm to prepare a feasibility study report and an environmental report for the Group to reconsider the overall operating strategy for the mining business in Mongolia. The Company was informed by its Mongolian legal advisers on 21 August 2013 that certain state inspectors in Mongolia have conducted inspection over the tungsten mines of the Group in Mongolia and required the Mongolian subsidiaries of the Company to undertake backfilling and technical and biological reclamation of destroyed opencast mining sites area and have proper security fencing and guarding over the minerals deposits (the "Requests"). As advised by the Company's Mongolian legal advisers, the Requests were made in accordance with applicable laws of Mongolia and failure to comply with the Requests may result in a fine not more than Mongolian Tugriks

MNT1,000,000 (approximately US$593.30) for each of the Requests and there is also a risk that the mining licences can be revoked by the Minerals Authority in case the Ministry of Environment made a conclusion that the Company has failed to fulfill its environment restoration obligation based on a recommendation of the local administrative body. The Company's Mongolian legal advisers recommended the Group to fulfill the Requests within 15 September 2013.

On 6 September 2013, the Company remitted funds to Mongolia for its subsidiaries to commence rehabilitation work in order to fulfill the Requests and has instructed the Mongolian legal advisers to communicate with local governments and state inspectors in that regard. The directors believe that the Company has complied with the Requests in good time to avoid any fine or adverse consequences.

With reference to the opinion from the Group's Mongolian legal advisers date 27 June 2014, the directors are of the opinion that the Group is in compliance with all laws and governmental rules and regulations in Mongolia and the Group's mining rights are still in effect and in good standing as at the reporting date.

Prospects

Reference is made to the announcement of the Company dated 20 March 2014 in relation to, among others, the memorandum of understanding (the "MOU") for establishing a Joint Venture entered into between Mr. Li Youqiang ("Mr. Li") who has approximately 17 years of experience in medical industry, in particular in the sale, distribution and after-sales services of medical devices and equipment, in the PRC.

The Company is optimistic about the growth and development of medical industry in the PRC. The Board considers that the establishment of Joint Venture represents a good opportunity for the Company to explore this new area of business and could bring together the Company's financial resources and capabilities and Mr. Li's expertise in the medical devices and equipment industry.

The Joint Venture was established in May 2014 with its business license obtained in August 2014. The registered capital of the Joint Venture was contributed as to 75% by the Group and as to 25% by Mr. Li in cash. The Joint Venture has commenced its medical devices trading business in October 2014.

Subsequent Events

On 14 September 2014, the Company and a Placing Agent entered into a Placing Agreement, as amended by a deed of variation dated 25 September 2014 pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 150,000,000 Placing Shares together with Placing Warrants on the basis of one Placing Warrant for every three Placing Shares placed, to currently expected to be not less than six Placees who and whose beneficial owners are Independent Third Parties and not connected with nor are acting in concert with the Subscriber and his concert parties at a price of HK$0.56 per Placing Share and HK$0.02 per Placing Warrant. Each Placing Warrant will carry the right to subscribe for one Warrant Subscription Share at the Warrant Subscription Price of HK$0.56, subject to adjustment.

On 14 September 2014, the Company and a Subscriber entered into the Subscription Agreement, as amended by a deed of variation dated 25 September 2014 pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue to him or his nominee a total of 825,000,000 new Shares (with Subscription Warrants on the basis of one Subscription Warrant for every three Subscription Shares subscribed) at an issue price of HK$0.56 per Subscription Share and HK$0.02 per Subscription Warrant. The Subscription Shares represent approximately 78.88% of the issued share capital of the Company as at the date of this announcement and approximately 44.10% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, and approximately 40.82% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Placing Shares. The aggregate Subscription Price amounts to approximately HK$462 million and the aggregate issue price for the Subscriptions Warrants is HK$5.5 million. The Subscription Shares and the underlying Warrant Subscription Shares will be issued pursuant to the Specific Mandate to be obtained at the SGM.

For details of the placing and subscription, please refer to the announcements of the Company dated 25 September, 26 September, 16 October and 31 October 2014 respectively. As at the date of this announcement, the placing and subscription has not been completed.

Save as disclosed above, there have been no matters that have occurred subsequent to the period-end date which have significantly affected, or may significantly affect the Group's operation, results or state of affairs as at 30 September 2014.

Current and Gearing Ratios

As at 30 September 2014, the Group's cash and cash equivalents amounted to approximately HK$106,199,000 (31 March 2014: HK$24,514,000). The Group's net assets value amounted to approximately HK$679,480,000 (31 March 2014: HK$596,952,000) with total assets approximately HK$845,434,000 (31 March 2014: HK$764,244,000). Net current assets were approximately HK$105,805,000 (31 March 2014: HK$23,288,000).

The current ratio was 52.84 times (31 March 2014: 7.89 times).

The gearing ratio 0.20 (31 March 2014: 0.22) expressed as the percentage of total liabilities over total assets.

Charges on Group's Assets

As at 30 September 2014, the Group did not have any charge on group assets (31 March 2014: Nil).

Foreign Exchange Exposure

The Group did not have any significant exposure to and did not hedge against risks associated with foreign currency fluctuation.

Capital Commitments

As at 30 September 2014, the Group did not have significant capital commitments (31 March 2014: Nil).

Contingent Liabilities

As at 30 September 2014, the Group did not have significant contingent liabilities (31 March 2014: Nil).

Employee Information

As at 30 September 2014, the Group had approximately 22 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 2014 (six months ended 30 September 2013: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

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

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 September 2014, the Board has adopted and complied with the code provisions of Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules (the "CG Code") in so far they are applicable except for the following deviations:

CG Code provision A.2.1 stipulates that the roles of chairman and chief executive officer (the "CEO") should be separate and should not be performed by the same individual. During the six months ended 30 September 2014, the Company has not appointed chairman and chief executive officer until 11 July 2014. Up to the date of this announcement, the chairman of the Board is Mr. Hu Yebi and Mr. Liu Xueheng is the CEO.

CG Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term subject to re-election. Independent non-executive directors of the Company are not appointed for a specific term. However, all directors of the Company are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

CG Code provision A.6.7 stipulates that the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. A non-executive Director was unable to attend the annual general meeting of the Company held on 16 September 2013 due to his various work commitments/being overseas.

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 2014.

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 and one non-executive director of the Company. The members of the Audit Committee (Mr. Chan Wai Man, Mr. Tsui Sai Ming, Steven, Mr. Ng Chun Chuen, David and Mr. Chee Man Sang, Eric) have reviewed the unaudited financial statements of the Group for the six months ended 30 September 2014 and are of the opinion that such statements comply with 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 2014 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

We 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
Mung Bun Man, Alan
Executive Director

Hong Kong, 27 November 2014

As at the date of this announcement, the Board comprises Mr. Hu Yebi, Mr. Liu Xueheng, Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan as executive Directors, Mr. Chee Man Sang, Eric and Mr. Tang Shu Pui, Simon as non-executive Directors, and Mr. Chan Wai Man, Mr. Tsui Sai Ming, Steven and Mr. Ng Chun Chuen, David as independent non-executive Directors.