京西重工國際有限公司

BEIJINGWEST INDUSTRIES INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2339)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The board of directors (the "Board") of BeijingWest Industries International Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014 with comparative figures for the nine months ended 31 December 2013. These final results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2014

	NOTES	Year ended 31 December 2014 HK$'000	Period from 1 April 2013 to 31 December 2013 HK$'000 (Restated)
REVENUE	5	**3,354,614**	108,987
Cost of sales		**(2,583,901)**	(106,602)
Gross profit		**770,713**	2,385
Other income and gains, net	5	**42,361**	14,862
Gain on the Group's restructuring	10	**272,913**	–
Selling and distribution costs		**(39,161)**	(5,314)
Administrative expenses		**(267,408)**	(14,939)
Research and development expenses		**(357,110)**	–
Restructuring costs incurred		**(3,870)**	(19,764)
Other operating expenses, net		**(23,118)**	(17,217)
Finance costs	7	**(6,764)**	(8,124)
PROFIT/(LOSS) BEFORE TAX	9	**388,556**	(48,111)
Income tax expense	8	**(44,094)**	–
PROFIT/(LOSS) FOR THE YEAR/PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		**344,462**	(48,111)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	11		
Basic and diluted (HK cents per share)		**15.14**	(19.10)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2014

	NOTES	**31 December 2014 *HK$'000***	31 December 2013 *HK$'000* (Restated) *(Note 3)*	1 April 2013 *HK$'000* (Restated) *(Note 3)*
Non-current assets:				
Property, plant and equipment		**331,572**	99,233	85,460
Prepaid land lease payments		**12,285**	–	–
Goodwill		**6,541**	–	–
Investment in an associate		**–**	–	–
Deferred tax assets		**30,909**	–	–
Total non-current assets		**381,307**	99,233	85,460
Current assets:				
Inventories		**194,465**	26,678	34,444
Trade and bills receivables	*13*	**485,469**	62,344	98,062
Prepayments, deposits and other receivables	*14*	**46,704**	19,391	18,910
Due from fellow subsidiaries		**53,134**	–	–
Due from holding companies		**56,772**	–	–
Cash and cash equivalents		**357,513**	361	200
Total current assets		**1,194,057**	108,774	151,616
Current liabilities:				
Trade payables	*15*	**439,201**	36,646	43,591
Other payables and accruals	*16*	**187,711**	94,357	66,993
Amounts due to schemes		**–**	481,286	475,567
Senior note		**–**	15,690	15,529
Due to fellow subsidiaries		**65,827**	–	–
Due to holding companies		**439,141**	2,750	–
Income tax payables		**37,051**	17,163	16,729
Obligations under finance leases	*17*	**–**	32,142	32,142
Bank borrowings		**54,914**	22,710	21,572
Defined benefit obligations		**1,097**	–	–
Provision		**40,717**	–	–
Total current liabilities		**1,265,659**	702,744	672,123
Net current assets/liabilities		**(71,602)**	(593,970)	(520,507)
TOTAL ASSETS LESS CURRENT LIABILITIES		**309,705**	(494,737)	(435,047)

	NOTES	**31 December 2014** **HK$'000**	31 December 2013 *HK$'000* (Restated) *(Note 3)*	1 April 2013 *HK$'000* (Restated) *(Note 3)*
Non-current liabilities:				
Defined benefit obligations		**72,964**	–	–
Deferred tax liabilities		**8,819**	–	–
Loan from a holding company		**567**	–	–
Total non-current liabilities		**82,350**	–	–
NET ASSETS/(LIABILITIES)		**227,355**	(494,737)	(435,047)
EQUITY				
Equity attributable to owners of the parent				
Issued capital	*18*	**46,061**	2,519	125,946
Reserves		**181,294**	(497,256)	(560,993)
Total equity		**227,355**	(494,737)	(435,047)

FINANCIAL INFORMATION

1. CORPORATE INFORMATION

BeijingWest Industries International Limited (the "Company", formerly known as Norstar Founders Group Limited) is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY 1-1111, Cayman Islands and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the year, the Company and its subsidiaries (collectively the "Group") were principally involved in the manufacture and sale of automotive parts and components and the trading of automotive parts and components.

As at 31 December 2014 and the date of approval of these financial statements, the immediate holding company of the Company is BWI Company Limited ("BWI (HK)"), which is incorporated in Hong Kong with limited liability. In the opinion of the directors of the Company (the "Directors"), the ultimate holding company is Shougang Corporation, which is a state-owned enterprise established in the People's Republic of China ("PRC") and is supervised by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (the "Beijing Municipal Government").

As approved by the shareholders of the Company at an extraordinary general meeting held on 13 December 2013 and by the Registrar of Companies of Cayman Islands on 24 January 2014, the name of the Company was changed from "Norstar Founders Group Limited" to "BeijingWest Industries International Limited".

Completion of the Group's proposed restructuring, dismissal of winding-up petitions and resumption of trading in the shares of the Company

In January 2009, the Group found difficulties in meeting its obligations to settle the foreign exchange forward contracts and certain short-term debts. At the request of the Company, trading in the ordinary shares of the Company on the Main Board of the Stock Exchange was suspended since 19 January 2009.

On 6 February 2009, petitions to wind up the Company and Norstar Automobile Industrial Holding Limited ("NAIH"), a wholly-owned subsidiary of the Company, were presented to the High Court of Hong Kong (the "High Court") together with applications for the appointments of provisional liquidator(s) to preserve the assets of the Company and NAIH and to safeguard the interests of their creditors. Messrs. Lai Kar Yan (Derek), Darach E. Haughey and Yeung Lui Ming (Edmund) of Deloitte Touche Tohmatsu were appointed as the joint and several provisional liquidators (the "Provisional Liquidators") by the High Court on the same date for both the Company and NAIH.

After taking into account of the substantial liabilities of the Group, the claims against the Group and the huge treasury losses, the Provisional Liquidators were of the view that both the Company and the Group as a whole appeared to be insolvent and were at a high risk of collapse unless the debt of the Group could be restructured and new capital injected by way of the introduction of a white knight investor. A restructuring (the "Proposed Restructuring") of the Group comprising (i) debt restructuring; and (ii) capital restructuring was formulated to address the indebtedness of the Company and NAIH and to regularise the financial position and capital needs of the Group through the introduction of an investor.

On 27 May 2013 and 29 May 2013, the Company submitted to the Stock Exchange the final proposal of the Proposed Restructuring comprising the following transactions:

(a) Debt restructuring

The debt restructuring is being effected through the NFG Scheme (note) and the NAIH Scheme (note) (collectively referred to as the "Schemes") pursuant to Section 166 of the Companies Ordinance to address the indebtedness of the Company and NAIH, respectively. Pursuant to the terms of the Schemes, all bank borrowings and liabilities of NAIH were cut-off as at 19 March 2010 and transferred to NAIH SPV (note), whilst all corporate guarantee claims and claims against the Company were transferred to NFG SPV (note). In this regard, subject to the proposed variations, the Company and NAIH have transferred all financial obligations/claims made against the respective companies to NFG SPV and NAIH SPV respectively except for the following:

(i) a repayment obligation from the Company in favour of NFG SPV for a fixed sum of HK$200 million pursuant to the NFG Scheme (the "NFG Repayment Obligation");

(ii) the obligation to repay the senior note (the "Senior Note") in a principal amount of HK$15,000,000 issued by NAIH pursuant to a senior note subscription agreement (the "Senior Note Subscription Agreement") dated 6 September 2010 (as amended and supplemented by the senior note supplemental deed dated 19 November 2013) entered into between the Company, NAIH, the Provisional Liquidators and Omni Success Limited ("OSL"), a company beneficially owned by Mr. Liu Zhong Liang, a director of Profound Global Limited ("Profound"), which was a then 40%-owned associate of the Company. Further details of the senior note subscription agreement are set out in the Company's announcement dated 5 October 2010;

(iii) 377,838,480 Subscription Shares (as detailed in (c) below) to be issued and allotted by the Company to NAIH SPV for the benefit of the NAIH Scheme Creditors (note); and

(iv) the share charge over NAIH's 40% interest in Profound (note), being a remaining NAIH Repayment Obligation Security (note).

(b) Capital restructuring (the "Capital Restructuring")

The Capital Restructuring comprised:

(i) the par value of each ordinary share of the Company shall be reduced (the "Capital Reduction") from HK$0.10 to HK$0.002 by cancelling HK$0.098 of the paid-up capital on each ordinary share of the Company, resulting in the reduction of the issued share capital of the Company from HK$125,946,000 to HK$2,519,000;

(ii) immediately following the Capital Reduction, all unissued ordinary shares of HK$0.10 each in the authorised share capital of the Company will be cancelled (the "Capital Cancellation"). The authorised share capital of the Company became HK$2,519,000 at completion;

(iii) following the Capital Reduction, every five (5) issued Shares with par value of HK$0.002 each will be consolidated (the "Share Consolidation") into one new ordinary share of the Company at par value of HK$0.01 such that after the Capital Reduction, the Capital Cancellation and the Share Consolidation, the authorised share capital of the Company will be HK$2,519,000 divided into 251,892,320 new ordinary shares of the Company at par value of HK$0.01 each;

(iv) The authorised share capital of the Company will be increased from HK$2,519,000 to HK$100,000,000, divided into 10,000,000,000 new ordinary shares at par value of HK$0.01 each (the "Increase of Authorised Share Capital"); and

(v) immediately following the completion of the Increase of Authorised Share Capital, the authorised share capital of the Company shall be re-classified and re-designated as HK$100,000,000 divided into 10,000,000,000 shares at par value of HK$0.01 each, comprising of 9,414,453,759 new ordinary shares at par value of HK$0.01 each and 585,546,241 Class B ordinary shares at par value of HK$0.01 each.

(c) Execution of the subscription agreement

Pursuant to the subscription agreement (as amended and supplemented by the supplemental agreements dated 2 September 2013 and 19 November 2013 and the side letter dated 24 October 2013) (the "Subscription Agreement") entered into between the Company, the Provisional Liquidators and Success Arrive Limited ("SAL") dated 31 May 2013, 1,555,538,480 new ordinary shares of the Company (the "Subscription Shares") at par value of HK$0.01 each and 585,546,241 new Class B ordinary shares of the Company (the "Class B Shares") at par value of HK$0.01 each shall be issued to SAL at the subscription price of HK$0.1168 per each Subscription Share and Class B Share. The aggregate cash proceeds from the issuance of the Subscription Shares and the Class B Shares of approximately HK$250 million shall be utilised as follows:

(i) HK$200 million for the fulfilment of the NFG Repayment Obligation;

(ii) approximately HK$15 million for the repayment of the Senior Note obligations; and

(iii) the remaining balance of approximately HK$35 million for the fees and expenses incurred/to be incurred in connection with the implementation of the restructuring and working capital of the Group.

(d) Issuance of the Senior Note

Details of which are set out in (a)(ii) above.

(e) Issuance of the warrants

Pursuant to the senior note supplemental deed entered into between the Company, NAIH, the Provisional Liquidators and OSL dated 19 November 2013, warrants (the "Warrants") to subscribe for 125,946,160 new ordinary shares of the Company at a subscription price of HK$0.1168 per share shall be issued to the shareholders of OSL.

(f) *Group reorganisation*

It represented the reorganisation of the Group's structure which envisaged that all the Company's direct and indirect shareholdings in the Scheme Companies (note), all the inter-company loans due by the Scheme Companies to the Company, and all rights and obligations in respect of litigation or any potential litigation involving or in the name of the Company as at 19 March 2010 were transferred to NFG SPV and NAIH SPV respectively.

On 20 November 2013, the Company published and despatched to the Company's shareholders a circular relating to the Proposed Restructuring, which was approved by the Scheme Creditors in the meeting of the Scheme Creditors and the shareholders in the extraordinary general meeting on 23 November 2013 and 13 December 2013 respectively.

Further details of the Proposed Restructuring are set out in the Company's circular and announcements dated 20 November 2013, 25 November 2013 and 13 December 2013.

On 13 January 2014, the High Court ordered that the winding up petitions against the Company and NAIH be dismissed and the Provisional Liquidators be released and discharged, upon the publication of a resumption of trading notice by the Stock Exchange in respect of the shares of the Company.

The Proposed Restructuring and the resumption conditions have been completed and fulfilled on 23 January 2014 and the trading in the shares of the Company on the Stock Exchange has been resumed on 27 January 2014. Further details of which are set out in the Company's announcements dated 24 January 2014 and 27 January 2014 respectively. The effect of the Proposed Restructuring has been reflected in consolidated financial statements and details of which are set out in note 10 to this announcement.

Note: Unless otherwise defined herein, respective definitions are detailed in the Company's circular dated 20 November 2013.

2. CHANGE OF FINANCIAL YEAR END DATE

Pursuant to a resolution of the Company's board of directors passed on 27 January 2014, the Company changed its financial year end date from 31 March to 31 December with effect from 27 January 2014 to align the financial year end date with that of BeijingWest Industries Co., Ltd. ("BWI"), an intermediate holding company of the Company.

Owing to the change of the financial year end date in the current year, the prior period's financial statements cover a period of nine months from 1 April 2013 to 31 December 2013. Accordingly, the comparative amounts presented for the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes, which were prepared for the nine months ended 31 December 2013, are not comparable.

3. CHANGES IN FUNCTIONAL AND PRESENTATION CURRENCY

In prior years, the Company's functional currency was determined as Renminbi ("RMB") by applying the provisions of paragraph 9 of HKAS 21 *The Effects of Changes in Foreign Exchange Rates* as RMB was the currency of the economic environment that influenced the Group's revenue generated from its businesses.

Upon the completion of the acquisition of BWI Europe Company Limited S.A. ("BWI Europe"), a wholly-owned subsidiary of the Group whose functional currency is Euro on 23 December 2014 as detailed in note 4.1 to this announcement, the Directors considered that the primary economic environment has been substantially changed. Since then, the Company's primary source of revenue (i.e. dividend) is derived from the operation of BWI Europe. The Company receives dividends in Hong Kong dollars ("HK$") from BWI Europe through Billion Million (HK) Limited ("Billion Million"), an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong and the immediate holding company of BWI Europe. Moreover, the funds raised from share placement of the Company as detailed in note 18(d) to this announcement during the year were in HK$. Accordingly, the Directors consider that it is more appropriate to adopt HK$ as the functional currency of the Company and the presentation currency of the Group and the Company.

The change in functional currency of the Company was applied prospectively from the date of change. On the date of the change of functional currency, all assets, liabilities and profit or loss items were translated into HK$ at the exchange rate on that date.

The Company changed the presentation currency of its consolidated financial statements form RMB to HK$ following the change of functional currency of the Company. The Directors are in the opinion that the change simplifies the financial reporting process and provides users of the financial statements with more comparable information with other companies in similar industries. The change in presentation currency of the Group and the Company was applied retrospectively. The comparative figures presented in these consolidated financial statements have also been restated to reflect the change the presentation currency from RMB to HK$ accordingly.

4.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 and 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention and are presented in HK$. All values are rounded to the nearest thousand except when otherwise indicated.

Pursuant to the agreement for the sale and purchase of shares of BWI Europe Company Limited S.A. dated 5 August 2014 entered into between the Company, Billion Million, BWI and BWI (HK), a wholly-owned subsidiary of BWI, Billion Million had completed the acquisition of a 100% equity interest in BWI Europe (the "BWI Europe Acquisition") on 23 December 2014 at a consideration of HK$997,000,000, which was satisfied by:

(a) allotment of 1,787,179,487 new ordinary shares of the Company to BWI (HK) at HK$0.39 per share; and

(b) cash payment of HK$300,000,000.

In addition, BWI (HK) is entitled to the profit after taxes of BWI Europe for the period from 1 January 2014 to the last day of the calendar month immediately preceding the completion date of the BWI Europe Acquisition.

As the Company and BWI Europe were under common control of BWI (HK) since 23 January 2014, and BWI Europe was controlled by BWI (HK) both before and after the BWI Europe Acquisition, the BWI Europe Acquisition was regarded as a business combination under common control and accounted for using the merger accounting basis as if the BWI Europe Acquisition had been completed at the beginning of accounting periods as presented in these financial statements, or at the date when the Company and BWI Europe were under common control, whichever the later. Accordingly, the consolidated financial statements of the Company are prepared as if the BWI Europe Acquisition had been completed on 23 January 2014, being the date which the Company and BWI Europe were under common control of BWI (HK).

The consolidated financial statements have been prepared to present the assets and liabilities of the subsidiaries acquired pursuant to the BWI Europe Acquisition using the existing book values from the controlling shareholders' perspective.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases, except for the results of the subsidiaries acquired pursuant to the BWI Europe Acquisition, which have been consolidated since 23 January 2014 as mentioned above.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Basis of presentation

Despite the fact that Group's current liabilities exceeded its current assets by HK$71,602,000, the Directors consider that the Group will have adequate funds available to enable it to operate as a going concern in the foreseeable future , which is based on inter alia, the historical operating performance of BWI Europe and the following:

(a) the existing unutilised banking facilities available to the Group as at the date of approval of these financial statements; and

(b) BWI (HK) Limited, an immediate holding company of the Company, has confirmed to provide adequate financial support to the Company so as to maintain the Group to operate as a going concern entity in the foreseeable future.

Accordingly, these financial statements have been prepared on the going concern basis which assumes, among other things, the realisation of assets and satisfaction of liabilities in the normal course of business.

4.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements2010-2012 Cycle*	*Definition of Vesting Condition*
Amendment to HKFRS 3 included in *Annual Improvements2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements2011-2013 Cycle*	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

The adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

4.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28	*Applying the Consolidation Exception*[2]
HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Amendments to IAS 1	*Disclosure Initiative*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014

2 Effective for annual periods beginning on or after 1 January 2016

3 Effective for annual periods beginning on or after 1 January 2017

4 Effective for annual periods beginning on or after 1 January 2018

5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

(a) In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

(b) The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

(c) The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

(d) HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

(e) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

(f) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 4.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

5. REVENUE, OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents: (1) the net invoiced value of goods sold, net of value-added tax and government surcharges and excludes sale taxes, and after allowance for returns and trade discounts; and (2) an appropriate proportion of contract revenue of technical and consultancy service contracts.

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

	Year ended 31 December 2014 *HK$'000*	Period from 1 April 2013 to 31 December 2013 *HK$'000* (Restated)
Revenue		
Sale of goods	**3,224,086**	108,987
Technical services income	**130,528**	–
	3,354,614	108,987

	Year ended 31 December 2014 HK$'000	Period from 1 April 2013 to 31 December 2013 HK$'000 (Restated)
Other income		
Profit from sale of scrap materials	**51**	–
Bank interest income	**14**	1
Compensation for contract reduction	**15,465**	–
Sales of raw materials	**3,131**	–
Others	**5,168**	159
	23,829	160
Gains, net		
Write-off of other payables	**9,086**	–
Gains on disposal of items of property, plant and equipment	**9,446**	–
Foreign exchange differences, net	**–**	14,702
	18,532	14,702
Other income and gains, net	**42,361**	14,862

6. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating activities are attributable to a single operating segment, focusing on the manufacture and sale of automotive parts and components. Therefore, no analysis by operating segment is presented.

Products and services

(a) Revenue from external customers

	Year ended 31 December 2014 HK$'000	Period from 1 April 2013 to 31 December 2013 HK$'000 (Restated)
Product revenue	**3,224,086**	108,987
Technical services income	**130,528**	–
	3,354,614	108,987

Geographical information

(a) Revenue from external customers

	Year ended 31 December 2014 *HK$'000*	Period from 1 April 2013 to 31 December 2013 *HK$'000* (Restated)
United Kingdom	**1,697,468**	–
United States	**301,304**	–
Germany	**600,228**	–
Mainland China	**106,634**	108,987
Other countries	**648,980**	–
	3,354,614	108,987

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2014 *HK$'000*	2013 *HK$'000* (Restated)
Poland	**193,011**	–
United Kingdom	**92,606**	–
Mainland China	**58,146**	99,233
Other countries	**6,635**	–
	350,398	99,233

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

During the reporting period, the revenues which were generated from two of the Group's customers and were individually accounted for more than 10% of the Group's total revenue are as follows:

	Year ended 31 December 2014	Period from 1 April 2013 to 31 December 2013
	HK$'000	*HK$'000* (Restated)
Customer A	**1,692,678**	–
Customer B	**353,440**	–
Customer C	**N/A***	20,931
Customer D	**N/A***	17,284
Customer E	**N/A***	13,239
Customer F	**N/A***	12,076
	2,046,118	63,530

* The corresponding revenue of these customers is not disclosed as they individually did not contribute over 10% of the Group's total gross revenue for the current year.

7. FINANCE COSTS

	Group	
	Year ended 31 December 2014	Period from 1 April 2013 to 31 December 2013
	HK$'000	*HK$'000* (Restated)
Interest on bank loans and other loans wholly repayable within five years derived from:		
– bank loans	**6,764**	–
– amounts due to the NAIH Scheme	**–**	6,447
– the Senior Note	**–**	161
– discounted bills	**–**	1,516
	6,764	8,124

8. INCOME TAX

No provision for Hong Kong profits tax has been made for the year ended 31 December 2013 as the Group did not generate any assessable profits arising in Hong Kong during the year (nine months ended 31 December 2013: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates. Rates of tax prevailing in the countries in which the Group operates include:

	Year ended 31 December 2014	Period from 1 April 2013 to 31 December 2013
Luxembourg	**21%**	N/A
Poland	**19%**	N/A
United Kingdom	**21.5%**	N/A
France	**33.33%**	N/A
Germany	**31.9%**	N/A
Italy	**31.4%**	N/A
Mainland China	**25%**	25%

	Year ended 31 December 2014 ***HK$'000***	Period from 1 April 2013 to 31 December 2013 *HK$'000*
Group:		
Current – Elsewhere	**48,228**	–
Deferred	**(4,134)**	–
Tax charge for the year/period	**44,094**	–

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended 31 December 2014 *HK$'000*	Period from 1 April 2013 to 31 December 2013 *HK$'000* (Restated)
Profit/(loss) before tax	**388,556**	(48,111)
Income tax charge at the Company's statutory tax rate of 16.5%	**64,112**	(7,939)
Effect of different income tax rates for foreign operations	**14,364**	(3,017)
Income not subject to tax	**(19,961)**	(618)
Expenses not deductible for tax purposes	**4,379**	11,574
Tax losses not recognised as deferred tax assets	**16,065**	–
Utilisation of prior year tax losses	**(34,865)**	–
Tax charge at the effective rate	**44,094**	–

9. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax from operation is arrived at after charging/(crediting):

		Year ended 31 December 2014 *HK$'000*	Period from 1 April 2013 to 31 December 2013 *HK$'000* (Restated)
Cost of inventories sold		**2,583,901**	106,602
Depreciation		**51,444**	9,589
Amortisation of prepaid land lease payments		**706**	–
Minimum lease payments under operating leases:			
Buildings		**11,342**	2,212
Plant and equipment		**23,881**	6,642
Auditors' remuneration		**2,234**	694
Employee benefit expense (including directors' remuneration):			
Wages, salaries and benefits		**346,764**	20,451
Defined benefit obligation expenses		**5,577**	–
		352,341	20,451
Research and development costs		**357,110**	–
Less: Staff costs included as research and development costs		**(145,041)**	–
Research and development costs, net of staff costs		**212,069**	–
Gain on disposal of items of property, plant and equipment, net		**(9,446)**	–
Impairment of items of property, plant and equipment*		**32,175**	14,229
Impairment of trade and bills receivables, net*	13	**614**	2,865
Impairment of other receivables *	14	**12,359**	123
Provision against obsolete inventories**		**6,927**	1,020
Provision for warranties, net		**12,387**	–
Foreign exchange differences, net		**23,118**	(14,702)

* The impairment amounts of items of property, plant and equipment, trade and bills receivables and other receivables are included in "Administrative expenses" in the consolidated statement of profit or loss.

** The provision against obsolete inventories is included in "Cost of sales" in the consolidated statement of profit or loss.

10. GAIN ON THE GROUP'S RESTRUCTURING

	Notes	**Year ended 31 December 2014** *HK$'000*
Liabilities discharged:		
Amounts due to the Schemes	*(a)*	**480,255**
Senior Note	*(a)*	**15,707**
Accrued professional fees for the restructuring	*(a)*	**35,078**
Obligations under finance leases	*(b)*	**32,142**
Derecognition of property, plant and equipment secured for finance lease obligations	*(b)*	**(6,387)**
Total liabilities discharged and corporate guarantees released		**556,795**
Release of foreign currency translation reserve upon disposal of Profound	*(c)*	**11,035**
		567,830
Satisfied by:		
Proceeds from the issuance of the Subscription Shares	*(d)*	**181,687**
Proceeds from the issuance of the Class B Shares	*(d)*	**68,391**
Subscription Shares issued and allotted to NAIH SPV	*(d)*	**44,132**
Part of the proceeds from the issuance of the Warrants	*(e)*	**707**
		294,917
Gain on completion of the Group's restructuring		**272,913**

Notes:

(a) These liabilities alongside the NFG Undertaking*, the Fullitech Corporate Guarantee* and the charge over interest in Norstar Chassis* were repaid or discharged as appropriate upon the completion of the Proposed Restructuring on 23 January 2014 as detailed in note 1 to this announcement.

(b) Pursuant to terms of the scheme of creditor arrangement and upon the completion of the Group's restructuring in 2014, the lessors have to agree with the administrator of the scheme of creditor arrangement on the value of the secured portion of these finance lease obligations to be borne by the schemes of creditor arrangement, and the remaining portion of these finance lease obligations shall be treated as unsecured liabilities which shall be settled by the schemes of creditor arrangement under pari passu terms with other creditors of the schemes of creditor arrangement. Accordingly, the Group was effectively being discharged from these obligations under finance leases, and hence the finance lease obligations of HK$32,142,000 together with those machineries subject to lessor's charges of net carrying value of HK$6,387,000 were all derecognised by the Group during the year ended 31 December 2014.

(c) Pursuant to an agreement entered into between NAIH, NAIH SPV and the Provisional Liquidators dated 19 March 2010, the Group's then 40% equity interest in Profound was pledged to NAIH SPV. The pledge was enforced by the Provisional Liquidators with effect from 23 January 2014 upon the completion of the Proposed Restructuring for the benefit of the NAIH Scheme Creditors. The Directors consider the significant influence of the Group to Profound was lost from that date and accounted for the transaction as a disposal of an associate.

(d) Pursuant to the Proposed Restructuring as detailed in note 1 to this announcement, the proceeds from the issuance of the Subscription Shares and Class B Shares were used to settle the NFG Repayment Obligations, the Senior Note and the accrued professional fees for the restructuring. In addition, 377,838,480 Subscription Shares were issued and allotted by the Company to NAIH SPV for the benefit of the NAIH Scheme Creditors. The related consideration of HK$44,132,000 was borne by SAL and the amount was recognised as part of the cost of the Proposed Restructuring together with a corresponding increase in the Group's capital reserve.

(e) Part of the net proceeds from the issuance of the Warrants was used to settle the accumulated interest of the Senior Note.

* Respective definitions are detailed in the Company's circular dated 20 November 2013.

11. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the year/period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,274,932,466 (nine months ended 31 December 2013: 251,892,320) in issue during the year/period.

No diluted loss per share is presented for the year ended 31 December 2014 and the nine months ended 31 December 2013 as the Company did not have any outstanding dilutive potential ordinary shares during the year and the prior period.

12. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2014 and for the period from 1 April 2013 to 31 December 2013.

13. TRADE AND BILLS RECEIVABLES

Group

	2014 ***HK$'000***	2013 *HK$'000* (Restated)
Trade and bills receivables	**489,810**	65,708
Impairment	**(4,341)**	(3,364)
Total	**485,469**	(62,344)

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months for the customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has control to minimise the credit risk. Overdue balances are reviewed regularly by senior management. Concentrations of credit risk are managed by analysis by customer. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. They are stated net of provisions.

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

Group

	2014 ***HK$'000***	2013 *HK$'000* (Restated)
Within 3 months	**485,469**	41,753
3 months to 1 year	**–**	19,347
Over 1 year	**–**	1,244
	485,469	62,344

The movements in provision for impairment of trade and bills receivables are as follows:

Group

	Year ended 31 December 2014 *HK$'000*	Period from 1 April 2013 to 31 December 2013 *HK$'000* (Restated)
At beginning of the year/period	**(3,364)**	(457)
Acquisition of subsidiaries	**(32,950)**	–
Impairment losses recognised, net *(note 9)*	**(614)**	(2,865)
Amount written-off as uncollectible	**29,292**	–
Exchange realignment	**3,295**	(42)
At end of the year/period	**(4,341)**	(3,364)

Included in the provision for impairment of trade and bills receivables are provision for individually impaired trade receivables of HK$4,341,000 (2013: HK$3,364,000) with an aggregate carrying amount before provision of HK$28,269,000 (2013: HK$6,806,000). The individually impaired trade receivables relate to customers that were in unexpected financial difficulties. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of the trade and bills receivables that are not individually nor collectively considered to be impaired is as follows:

Group

	2014 *HK$'000*	2013 *HK$'000* (Restated)
Neither past due nor impaired	**461,541**	41,753
Past due but not impaired:		
Less than 6 months past due	**–**	13,951
Over 6 months past due	**–**	3,198
	461,541	58,902

Trade and bills receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Prepayments	**8,138**	4,793
Deposits and other receivables	**51,106**	2,481
Due from associates	**–**	12,242
	59,244	19,516
Impairment	**(12,540)**	(125)
	46,704	19,391

The movements in provision for impairment of other receivables are as follows:

Group

	Year ended 31 December 2014	Period from 1 April 2013 to 31 December 2013
	HK$'000	*HK$'000*
		(Restated)
At beginning of the year/period	**(125)**	–
Impairment losses recognised, net *(note 9)*	**(12,359)**	(123)
Exchange realignment	**(56)**	(2)
At end of the year/period	**(12,540)**	(125)

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

15. TRADE PAYABLES

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

Group

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Within 3 month	**407,266**	13,097
3 to 6 months	**4,456**	4,606
6 to 12 months	**3,669**	3,958
Over 12 months	**23,810**	14,985
	439,201	36,646

The trade payables are non-interest-bearing and are normally settled on 30 to 90 days' terms.

16. OTHER PAYABLES AND ACCRUALS

	Group		**Company**	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)
Other payables	**149,195**	80,898	**11,103**	27,195
Accruals	**38,516**	4,649	**1,200**	–
Due to associates	**–**	8,810	**267**	267
	187,711	94,357	**12,570**	27,462

Other payables are unsecured, non-interest-bearing and repayable on demand.

17. OBLIGATIONS UNDER FINANCE LEASES

At 31 December 2013, the Group's obligations under finance leases of HK$32,142,000 were secured by the lessors' charges over the leased assets. As further explained in note 10 to this announcement, these financial lease obligations shall effectively be borne by the Schemes and the leased assets shall be returned to lessors by the Group, hence these finance lease obligations together with those assets subject to lessor's charges were all derecognised during the year ended 31 December 2014.

18. SHARE CAPITAL

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Authorised:		
10,000,000,000 ordinary shares of HK$0.01 each (2013: 9,414,453,759 ordinary shares of HK$0.01 each and 585,546,241 Class B Shares and HK$0.01 each)	**100,000**	100,000
Issued and fully paid:		
4,606,102,688 (2013: 251,892,320) ordinary shares of HK$0.01 each	**46,061**	2,519

A summary of the movements in the Company's issued share capital during the year ended 31 December 2014 and the nine months ended 31 December 2013 is as follows:

	Notes	**Number of ordinary shares in issue**	**Issued capital** *HK$'000*	**Share premium account** *HK$'000*	**Total** *HK$'000*
At 1 April 2013		1,259,461,601	125,946	1,655,209	1,781,155
Completion of the Capital Restructuring	*(a)*	(1,007,569,281)	(123,427)	–	(123,427)
At 31 December 2013 and 1 January 2014		251,892,320	2,519	1,655,209	1,657,728
Issuance of the Subscription Shares	*(b)*	1,555,538,480	15,555	166,132	181,687
Issuance of the Class B Shares	*(b)*	585,546,241	5,855	62,536	68,391
Exercise of the Warrants	*(c)*	125,946,160	1,260	13,451	14,711
Share placement	*(d)*	300,000,000	3,000	93,517	96,517
Acquisition of subsidiaries	*(e)*	1,787,179,487	17,872	518,282	536,154
At 31 December 2014		**4,606,102,688**	**46,061**	**2,509,127**	**2,555,188**

Notes:

(a) The Capital Restructuring as detailed in note 1(b) to this announcement was completed on 30 December 2013.

(b) The Subscription Shares and the Class B Shares as detailed in note 1(c) to this announcement were issued on 23 January 2014 and the Class B Shares were converted into ordinary shares on 8 May 2014.

(c) The Warrants as detailed in note 1(e) to this announcement were issued on 23 January 2014 and were fully exercised by the shareholders of Omni Success Limited on 27 January 2014 and 24 February 2014 subscribing for 100,756,928 and 25,189,232 new ordinary shares of the Company respectively.

(d) Pursuant to a placing agreement entered into between the Company and two placing agents dated 13 November 2014, 300,000,000 new ordinary shares of the Company were allotted and issued to not less than six placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons on 25 November 2014, at a price of HK$0.33 per share for a total net cash consideration of HK$96,517,000. Further details of the share placement are set out in the Company's announcement dated 25 November 2014.

(e) 1,787,179,487 new ordinary shares of the Company at HK$0.39 per share were allotted and issued to BWI (HK) on 23 December 2014 to settle part of the consideration for the BWI Europe Acquisition. Details of which are set out in notes 4.1 and 19 to this announcement and further details of which are set out in the Company's circular dated 27 November 2014.

19. BUSINESS COMBINATIONS UNDER COMMON CONTROL

As detailed in note 4.1 to this announcement, the BWI Europe Acquisition was regarded as a business combination under common control and accounted for using the merger basis. The consolidated financial statements are prepared as if the BWI Europe Acquisition had completed on 23 January 2014, being the date BWI obtained the control over the Company.

BWI Europe was principally engaged in the manufacture and sale of automotive parts and components, and the provision of technical services in Europe. The carrying amounts of the assets and liabilities of BWI Europe as at the date of acquisition were as follows:

	Notes	**Carrying amounts recognised** *HK$'000*
Property, plant and equipment		274,965
Prepaid land lease payments		15,232
Goodwill		5,828
Deferred tax assets		27,110
Inventories		193,291
Trade receivables	*13*	493,805
Prepayments, deposits and other receivables	*14*	58,068
Due from fellow subsidiaries		49,896
Due from holding companies		68,472
Cash and cash equivalents		304,916
Trade payables	*15*	(408,959)
Other payables and accruals	*16*	(201,914)
Due to fellow subsidiaries		(24,820)
Due to a holding company		(14,393)
Tax payable		(14,139)
Current defined benefit obligations		(1,496)
Provision		(48,311)
Non-current defined benefit obligations		(67,617)
Deferred tax liabilities		(9,873)
Deferred revenue		(1,114)
Loan from a holding company		(138,702)
Net carrying amounts recognised at acquisition		560,245
Satisfied by:		
Cash		300,000
Allotment of new ordinary shares of the Company as consideration		536,154
Net profit of BWI Europe entitled by BWI (HK) *(note 4.1)*		186,331
		1,022,485
Merger reserve attributable to the acquisition of BWI Europe		(462,240)

The Group incurred transaction costs of HK$23,647,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	HK$'000
Cash consideration	(300,000)
Cash and cash equivalents acquired	304,916
Outstanding cash consideration at end of year	250,000
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	254,916

Since the acquisition, BWI Europe contributed HK$3,241,742,000 to the Group's turnover and HK$181,135,000 to the consolidated profit for the year ended 31 December 2014.

Had the above business combinations taken place at the beginning of the year, the Group's profit for the year would have been HK$202,342,000 and the Group's revenue (comprising turnover and other income and gains, net) would have been HK$3,477,333,000.

20. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2014	2013
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Plant and machinery	**19,235**	–
Authorised, but not contracted for:		
Plant and machinery	**23,157**	–
	42,392	–

21. EVENT AFTER THE REPORTING PERIOD

Pursuant to a written resolution of the directors of Fullitech International Limited ("Fullitech"), a subsidiary of the Company, Fullitech commenced voluntary liquidation in February 2015 under relevant British Virgin Islands laws and regulations, the place of incorporation of Fullitech. Thereby the Group effectively commenced the disinvestment of the PRC auto part businesses operated by the subsidiaries of Fullitech.

EXTRACT OF QUALIFICATIONS IN THE INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

Basis for qualified opinion

1. Corporate undertaking and guarantees

The Group had given corporate undertakings and guarantees with a principal amount of HK$1,381,000,000 together with related interest thereon to a scheme of arrangement with creditors as at 31 December 2013. These corporate undertakings and guarantees were disclosed as contingent liabilities and were not recognised in the Group's consolidated financial statements for the nine month period ended 31 December 2013. As explained in note 9 to the financial statements*, the aforesaid undertakings and guarantees were released by the scheme of arrangement with creditors as part of the Group's restructuring which was completed in 2014, and the Group recognised a gain of HK$273 million in 2014 from such restructuring as a whole. Such corporate undertakings and guarantees should have been accounted for at fair value in the Group's consolidated financial statements for the nine months ended 31 December 2013. As the Group has not determined the fair value of the undertakings and guarantees, we are unable to quantify the amount of the adjustments that were required to be made to the Group's consolidated financial statements for the nine months ended 31 December 2013. Any adjustments for the unrecognised undertakings and guarantees as at 31 December 2013 would have an impact on the restructuring gain of HK$273 million recognised in the year ended 31 December 2014.

2. Amount due from a then associate/Amount due to a then associate

(i) Amount due from a then associate

We are unable to obtain direct audit confirmation in respect of an amount due from a then associate, of approximately HK$12,145,000 (equivalent to RMB9,625,000) as at 31 December 2013, and are unable to obtain sufficient evidence to satisfy ourselves as to the completeness and existence of the aforesaid balance. We are unable to perform other satisfactory audit procedures to satisfy ourselves that such amount due from the then associate was fairly stated at 31 December 2013. The Group recognised an impairment loss of HK$12,145,000 (equivalent to RMB9,625,000) in the year ended 31 December 2014 due to the liquidation of the then associate. Any adjustments for the amount due from the then associate as at 31 December 2013 would have an impact on the impairment loss recorded for the year ended 31 December 2014.

(ii) Amount due to a then associate

We are unable to obtain direct audit confirmation in respect of an amount due to a then associate of approximately HK$8,754,000 (equivalent to RMB6,938,000) as at 31 December 2013, and are unable to obtain sufficient evidence to satisfy ourselves as to the completeness and existence of the aforesaid balance. We are unable to perform other satisfactory audit procedures to satisfy ourselves that such amount due to the then associate was fairly stated at 31 December 2013. The Group has written back the aforesaid amount and recognised a gain in other income and gains of HK$8,754,000 (equivalent to RMB6,938,000) in 2014, as the then associate had completed its liquidation procedures in 2014 and the directors of the Company considered that the probability of being claimed for such liabilities is remote. Any adjustments for such amount due to the then associate as at 31 December 2013 would have an impact on the abovementioned gain recognised in the year ended 31 December 2014.

3. Obligations under finance leases

We are unable to obtain direct audit confirmation in respect of obligations under finance leases of approximately HK$32,142,000 as at 31 December 2013, and we have not been able to obtain sufficient evidence to ascertain the completeness and existence of the aforesaid balances as at 31 December 2013. We are unable to perform other satisfactory audit procedures to satisfy ourselves as to whether the aforesaid balances were fairly stated as at 31 December 2013. As explained in note 9 to the financial statements*, pursuant to the scheme of arrangement with creditors and the completion of the Group's restructuring in 2014, such financial lease obligations had effectively been borne by the schemes of arrangement with creditors. Thereby the Group's finance lease obligations were discharged and the Group recognised a restructuring gain of HK$273 million in 2014 from such restructuring as a whole. Accordingly, these obligations under finance leases were derecognised by the Group during the year ended 31 December 2014. Any adjustments that may be required to be made to these obligations under finance lease as at 31 December 2013 would have an impact on the restructuring gain of HK$273 million recognised in the year ended 31 December 2014.

Without taking into account the shorter length of the accounting period for the nine months ended 31 December 2013 arising from the change of financial year end from 31 March to 31 December in January 2014, the comparative figures for the nine months ended 31 December 2013 shown in these consolidated financial statements may not be comparable with the figures for the current year, because of the matters mentioned above.

Qualified opinion on the Financial Performance and Cash Flows

In our opinion, except for the possible effects of the matters described in the "Basis for qualified opinion" paragraphs, the consolidated statement of profit or loss, the consolidated statement of comprehensive income and the consolidated statement of cash flows give a true and fair view of the financial performance and cash flows of the Group for the year ended 31 December 2014 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Opinion on the Financial Position

In our opinion, the consolidated statement of financial position of the Group and the statement of financial position of the Company give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2014 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Other matter

The consolidated financial statements of the Group for the nine months period ended 31 December 2013 were audited by the predecessor auditor, ZHONGHUI ANDA CPA Limited, who expressed a qualified opinion and an emphasis of matter on those statements on 27 March 2014.

* Equivalent to note 10 to this announcement

FINAL DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year (for the nine months ended 31 December 2013: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 20 May 2015 to Friday, 22 May 2015 (both days inclusive) to determine the entitlement to attend and vote at the Company's annual general meeting to be held on Friday, 22 May 2015 (the "AGM"). During such period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 19 May 2015 for registration.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL AND FINANCIAL REVIEW

Due to the change of financial year end date, this reporting period covered results for the twelve months period from 1 January 2014 to 31 December 2014. The corresponding comparative amounts shown covered results for the nine months period from 1 April 2013 to 31 December 2013, and therefore may not be entirely comparable with the amounts shown for the current period.

During the twelve months ended 31 December 2014, the Group has completed the acquisition of BWI Europe Company Limited S.A. ("BWI Europe"). Pursuant to the agreement for the sale and purchase of shares of BWI Europe dated 5 August 2014 entered into between the Company, Billion Million (HK) Limited ("Billion Million"), BeijingWest Industries Co., Ltd. ("BWI") and BWI Company Limited ("BWI (HK)"), a wholly-owned subsidiary of BWI, Billion Million acquired 100% equity interest in BWI Europe (the "BWI Europe Acquisition") on 23 December 2014 for a consideration of HK$997,000,000. Details of the BWI Europe Acquisition are disclosed in the circular of the Company dated 27 November 2014.

The Company and BWI Europe were under common control of BWI (HK) since 23 January 2014, and BWI Europe was controlled by BWI (HK) both before and after the BWI Europe Acquisition. The BWI Europe Acquisition was regarded as a business combination under common control and was accounted for using the merger accounting basis as if the BWI Europe Acquisition had been completed at the beginning of accounting periods as presented in these financial statements, or at the date when the Company and BWI Europe were under common control, whichever the later. Therefore the consolidated financial statements are prepared as if the BWI Europe Acquisition had been completed on 23 January 2014, being the date which the Company and BWI Europe were under common control of BWI (HK).

During the year, the Company and its subsidiaries (collectively the "Group") were involved in the following principal activities:

- manufacture and sale of automotive parts and components

- provision of technical services

Turnover

The turnover of different business sectors for the twelve months ended 31 December 2014 and nine months ended 31 December 2013 are summarized below:

	For the twelve months ended 31 December 2014 *(HK$ million)*	For the nine months ended 31 December 2013 *(HK$ million)* (Restated)	Change (%)
Manufacture and sale of automotive parts and components in the PRC	**106.95**	108.99	-1.87
Manufacture and sale of controlled and passive suspension	**3,117.13**	–	N/A
Provision of technical services	**130.53**	–	N/A
Total	**3,354.61**	108.99	2,977.91

For the twelve months ended 31 December 2014, the Group recorded revenue from the manufacture and sale of automotive parts and components in the PRC of HK$106.95 million, representing a decrease of 1.87% over last period (nine months ended 31 December 2013 (restated): HK$108.99 million). The decrease in turnover was mainly due to keen competition in the PRC market.

Despite the decline in the turnover of the sale of automotive parts and components in the PRC, the manufacture and sale of controlled and passive suspension and provision of technical services businesses from the BWI Europe Acquisition brings in a new revenue source to the Group. For the twelve months ended 31 December 2014, the Group recorded revenue of HK$3,117.13 million in the manufacture and sale of controlled and passive suspensions and HK$130.53 million in the provision of technical services.

Overall revenue of the Group for the twelve months ended 31 December 2014 amounted to HK$3,354.61 million, representing an increase of 2,977.91% over last period (nine months ended 31 December 2013 (restated): HK$108.99 million).

Gross profit and gross profit margin

The gross profit and gross profit margin of the different business unit for the twelve months ended 31 December 2014 and the nine months ended 31 December 2013 are summarized below:

	For the twelve months ended 31 December 2014		For the nine months ended 31 December 2013		Change	
	Gross profit *(HK$ million)*	**Gross profit margin** (%)	Gross profit *(HK$ million)* (Restated)	Gross profit margin (%)	Gross profit *(HK$ million)*	Gross profit margin (%)
Manufacture and sale of automotive parts and components in the PRC	**-8.99**	**-8.41**	2.39	2.19	-11.38	-10.60
Manufacture and sale of controlled and passive suspension and provision of technical services	**779.70**	**24.01**	–	–	N/A	N/A
Total	**770.71**	**22.97**	2.39	2.19	768.32	20.78

The gross profit of the manufacture and sale of automotive parts and components in the PRC business for the year ended 31 December 2014 decreased by 10.60% to a gross loss of HK$8.99 million (nine months ended 31 December 2013 (restated): gross profit of HK$2.39 million). The gross loss margin for the year ended 31 December 2014 was 8.41% (nine months ended 31 December 2013: gross profit margin of 2.19%). Such significant decrease was mainly due to certain fixed costs being absorbed in the cost of inventories sold. When the turnover dropped, the profit margin was also affected adversely. The effect was compounded by the increases in material and labour costs.

Controlled suspension, passive suspensions and technical services are the product/service categories of the revenue of BWI Europe during the year ended 31 December 2014. Research and development expenses are the costs relating to the provision of technical services and such expenses have been categorized under administrative expenses but not under cost of sales. During the year ended 31 December 2014, the gross profit and gross profit margin for this business sector were HK$779.70 million and 24.01% respectively.

The overall gross profit and gross profit margin for the twelve months ended 31 December 2014 was HK$770.71 million and 22.97% respectively.

Other income

Other income of the Group for the twelve months ended 31 December 2014 increased by 185.06% to HK$42.36 million (nine months ended 31 December 2013 (restated): HK$14.86 million), the increase was mainly due to other income contribution from the newly acquired business in Europe, which mainly consists of compensation for the contract reduction from a passenger vehicle manufacturer and sale of scrap materials.

Distribution and selling expenses

Distribution and selling expenses of the Group for the twelve months ended 31 December 2014 increased by 637.48% to HK$39.16 million (nine months ended 31 December 2013 (restated): HK$5.31 million), the increase was mainly due to the acquisition of the new business in Europe. Distribution and selling expenses mainly consist of delivery expenses, salary and welfare for sales personnel and warranty expenses.

Administrative expenses

Administrative expenses of the Group for the twelve months ended 31 December 2014 increased by 1,689.89% to HK$267.41 million (nine months ended 31 December 2013 (restated): HK$14.94 million). The increased in administrative expenses was mainly due to (i) the acquisition of new business in Europe with administrative expenses of approximately HK$171.07 million, which mainly consist of salary and welfare for management and administrative personnel of approximately HK$69.07 million and management service fee charged by related companies of approximately HK$62.75 million; and (ii) legal and professional fees in respect of the BWI Europe Acquisition of approximately HK$23.65 million.

Finance costs

Finance costs of the Group for the twelve months ended 31 December 2014 decreased by 16.75% to HK$ 6.76 million (nine months ended 31 December 2013 (restated): HK$8.12 million). Finance costs in the current year mainly represented interest on bank loans, while finance costs in the prior period mainly represented interest due to the NAIH Scheme.

Gain attributable to equity holders of the Company

For the twelve months ended 31 December 2014, the Group recorded an attributable gain of approximately HK$344.46 million (for the nine months ended 31 December 2013 (restated): loss of HK$48.11 million). The increase of the Group's gain was mainly attributed to the new business line as well as the restructuring gain of HK$269.04 million (net of restructuring costs incurred for the period of HK$3.87 million).

PROSPECTS

Upon completion of the BWI Europe Acquisition ("Completion"), the business of the Group will comprise of the design, manufacture and sale of automobile controlled and passive suspension products in Europe, and the manufacture of auto parts, which consists primarily of the production of chassis, in the PRC. As the chassis production operation of the Group are aged and cannot compete effectively with the more advanced products of its competitors, and as it will only form a small proportion of the revenue of the Group, it is currently intended that the Group will not commit significant capital investment in the chassis production operation. The Group will focus on operating and developing the controlled and passive suspension products business in Europe.

With its established relationships with the premium vehicle manufacturers, we believe that the Group could leverage on its technical expertise and understanding of the requirements of the premium vehicle manufacturers in producing controlled and passive suspension products that meet the technical requirements of the premium vehicle manufacturers and provide the Company with a strong platform for future development.

Upon Completion, the Company will also evaluate the operations and business structure of the Group with a view of improving long-term profitability and shareholders' value, which may include acquisitions or streamlining of operations as appropriate.

The Group will continue to seek new business opportunities to improve its profitability and business prospects, consolidate or streamline its existing business, enhance its future business development and strengthen its revenue base.

LIQUIDITY AND FINANCIAL RESOURCES

The Group was operating under a net cash inflow position for the twelve months ended 31 December 2014, in which net cash used in operating activities amounted to HK$19.51 million (nine months ended 31 December 2013 (restated): net cash from operating activities HK$50.0 million). As at 31 December 2014, the Group maintained cash and bank balances of HK$357.51 million (as at 31 December 2013 (restated): HK$0.36 million).

As at 31 December 2014, the Group had bank borrowings of HK$54.91 million, which were all dominated in Polish Zloty. The bank borrowings as at 31 December 2014 borne interest at a rate of 1 month LIBOR plus 2.20% per annum. The Group's gearing ratio (measured as total borrowings over total assets) as at 31 December 2014 was 3.48% (as at 31 December 2013: 10.92%).

Issued capital increased from HK$2.52 million as at 31 December 2013 to HK$46.06 million as at 31 December 2014. The increase was due to issue of new shares from placing exercises and for the BWI Europe Acquisition.

The Company will closely monitor the financial and liquidity position of the Group, as well as the situation of the financial markets from time to time in arriving at an appropriate financing strategy for the Group.

PLEDGE OF ASSETS

As at 31 December 2014, the carrying amount of plant and machinery held by the Group under finance leases amounted to nil (as at 31 December 2013 (restated): HK$22.37 million). Also as at 31 December 2013, The Group's entire equity interest in Norstar Automotive Chassis System (Anhui) Inc. and 40% equity interest in Profound Global Limited were pledged for the Group's restructuring.

FOREIGN EXCHANGE EXPOSURE

The Group's transactions are mainly denominated in Euros and United States dollars. During the twelve months ended 31 December 2014, the Group did not have any material foreign exchange exposure.

CAPITAL AND OTHER COMMITMENTS

Save as disclosed in note 20 to this announcement, the Group and the Company have no other capital commitments as at 31 December 2014 (as at 31 December 2013: Nil).

CONTINGENT LIABILITIES

As at 31 December 2014, the Group and the Company did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2014, the Group had approximately 1,150 Full-time employees, in which 730 employees were working in the Company's subsidiaries in Europe, and the remaining 420 employees were working in the Company and the Company's subsidiaries in the PRC (as at 31 December 2013: 557 full-time employees, most of them were working in the Company's subsidiaries in the PRC). During the twelve months ended 31 December 2014, the total employees' cost was HK$352.34 million (nine months ended 31 December 2013 (restated): HK$20.45 million). Remuneration packages of the employees are determined by reference to the qualifications and experience of the employee concerned and are reviewed annually by management with reference to market conditions and individual performance. The Group offers a comprehensive and competitive remuneration, retirement scheme and benefit package to its employees. Discretionary bonus is offered to the Group's staff depending on their performance. The Group is required to make contribution to a social insurance scheme in the PRC. The Group has adopted a provident fund scheme as required under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) for its employees in Hong Kong.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or otherwise during the year.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Since 19 January 2009, trading in the shares of the Company on the Stock Exchange had been suspended. A winding-up petition against the Company was presented to the High Court of Hong Kong (the "High Court") and the provisional liquidators (the "Provisional Liquidators") were appointed by the High Court to the Company on 6 February 2009 to preserve the assets of the Company and safeguard the interests of the Company. Subsequent to the debt restructuring and the capital restructuring of the Company, trading in the shares of the Company had been resumed since 27 January 2014 (the "Resumption Date"). The winding-up petition was dismissed and the Provisional Liquidators were discharged on the Resumption Date.

Prior to the Resumption Date, due to the financial difficulties of the Group before the restructuring and the prolonged suspension in trading of the shares of the Company, the Company was unable to comply with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

Notwithstanding, the Board, which was formed on the Resumption Date, is committed to maintaining good corporate governance standard and procedures to safeguard the interests of all shareholders and to enhance accountability and transparency. The Board has already taken various actions for compliance with the CG Code. Details of the actions taken by the Board for compliance with the provisions of the CG Code will be set out in the Corporate Governance Report in the Company's 2014 annual report. The Company has complied with the code provisions of the CG Code during the period from 27 January 2014 to 31 December 2014 (the "Period"), except for the following deviations:

- Under the code provision A.2.7 of the CG Code, the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present.

  During the Period, the Non-executive Directors and the Independent Non-executive Directors may communicate with the Chairman directly at any time to voice their opinion and share their views on the Company's affairs despite that the Chairman has not held a meeting with the Non-executive Directors and the Independent Non-executive Directors without the Executive Directors present on the grounds of his absence from Hong Kong. The Company considers that there are sufficient channels for discussion of the Company's affairs between the Chairman and the Non-executive Directors (including the Independent Non-executive Directors) in the absence of management.

- Under the first part of code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

  The then Chairman of the Board, who was also the then chairman of the Nomination Committee of the Company, did not attend the annual general meeting of the Company held on 6 June 2014 (the "2014 AGM") as he had another business engagement. The then Managing Director of the Company, who took the chair of the 2014 AGM, and other members of the Board together with the chairmen of the Audit and Remuneration Committees and other members of each of the Audit, Remuneration and Nomination Committees attended the 2014 AGM. The Company considers that the members of the Board and the Audit, Remuneration and Nomination Committees who attended the 2014 AGM were already of sufficient caliber and number for answering questions at the 2014 AGM.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the year.

By order of the Board
BeijingWest Industries International Limited
Jiang Yunan
Managing Director

Hong Kong, 26 March 2015

As at the date of this announcement, the Board comprises Mr. Han Qing (Chairman), Mr. Jiang Yunan (Managing Director), Mr. Li Shaofeng (Executive Director), Mr. Craig Allen Diem (Executive Director), Mr. Bogdan Józef Such (Executive Director), Mr. Zhang Yaochun (Non-executive Director), Mr. Tam King Ching, Kenny (Independent Non-executive Director), Mr. Leung Kai Cheung (Independent Non-executive Director) and Mr. Yip Kin Man, Raymond (Independent Non-executive Director).