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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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

INTERIM RESULTS

The board of directors (the “Board”) of BeijingWest Industries International Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2015. These interim results have been reviewed by the Company’s Audit Committee and its Auditor.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

		Six months ended	
		30 June	30 June
		2015	2014
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
			(Restated)
Revenue	4	1,584,942	1,630,115
Cost of sales		(1,248,579)	(1,275,859)
Gross profit		336,363	354,256
Other income and gains, net	4	23,926	31,282
Gain on restructuring		–	272,913
Gain on deconsolidation of subsidiaries, net	6	64,286	–
Selling and distribution costs		(8,333)	(20,292)
Administrative expenses		(121,939)	(112,402)
Research and development expenses		(141,678)	(130,875)
Restructuring costs incurred		–	(3,870)
Other operating expenses, net		(41,546)	(16,421)
Finance costs		(836)	(4,176)

		Six months ended	
		30 June	30 June
		2015	2014
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
			(Restated)
Profit before tax	5	110,243	370,415
Income tax expense	7	<u>(14,034)</u>	<u>(17,116)</u>
Profit for the period attributable to owners of the Company		<u>96,209</u>	<u>353,299</u>
Earnings per share attributable to owners of the Company	8		
Basic and diluted (HK cents per share)		<u>2.02</u>	<u>18.62</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Six months ended	
	30 June	30 June
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(Restated)
Profit for the period	96,209	353,299
Other comprehensive income/(loss)		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(23,715)	(28,691)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>		
Re-measurement profit/(loss) on defined benefit plans	4,249	(2,766)
Other comprehensive loss for the period, net of income tax	(19,466)	(31,457)
Total comprehensive income for the period attributable to owners of the Company	76,743	321,842

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

		30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
	Notes		
Non-current assets			
Property, plant and equipment		260,774	331,572
Prepaid land lease payments		12,186	12,285
Goodwill		6,240	6,541
Deferred tax assets		32,915	30,909
Total non-current assets		312,115	381,307
Current assets			
Inventories		171,055	194,465
Trade and bills receivables	9	485,796	485,469
Prepayments, deposits and other receivables		49,846	46,704
Due from fellow subsidiaries		9,880	53,134
Due from holding companies		62,780	56,772
Cash and cash equivalents		791,139	357,513
Total current assets		1,570,496	1,194,057
Current liabilities			
Trade payables	10	402,672	439,201
Other payables and accruals		101,406	187,711
Due to fellow subsidiaries		32,775	65,827
Due to holding companies		324,399	439,141
Income tax payables		6,136	37,051
Bank borrowings		101,731	54,914
Defined benefit obligations	11	1,017	1,097
Provision		35,040	40,717
Total current liabilities		1,005,176	1,265,659
Net current assets/(liabilities)		565,320	(71,602)
TOTAL ASSETS LESS CURRENT LIABILITIES		877,435	309,705

		30 June 2015	31 December 2014
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(audited)
Non-current liabilities			
Defined benefit obligations	<i>11</i>	63,511	72,964
Deferred tax liabilities		8,755	8,819
Loan from a holding company		430	567
Total non-current liabilities		72,696	82,350
NET ASSETS		804,739	227,355
EQUITY			
Equity attributable to owners of the Company			
Issued capital	<i>12</i>	58,061	46,061
Reserves		746,678	181,294
TOTAL EQUITY		804,739	227,355

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of BeijingWest Industries International Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2015 were authorised for issue by the board of directors of the Company on 27 August 2015.

BeijingWest Industries International Limited was incorporated in the Cayman Islands on 21 September 2001 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 period, the Group were principally involved in the manufacture and sale of automotive parts and components, trading of automotive parts and components and provision of technical services.

As at 30 June 2015 and the date of approval of these financial statements, BWI Company Limited (“BWI (HK)”) is the immediate holding company of the Company, which is incorporated in Hong Kong with limited liability. The ultimate holding company of BWI (HK) 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.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with HKAS 34 *Interim Financial Reporting* and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”).

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

The interim condensed consolidated financial statements are presented in Hong Kong dollar (“HK\$”) and 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. (“BWI Europe”) dated 5 August 2014 entered into between the Company, Billion Million (HK) Limited (“Billion Million”), a wholly-owned subsidiary of the Company, BeijingWest Industries Co., Ltd. (“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.

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 interim condensed consolidated financial statements of the Company are prepared as if the BWI Europe Acquisition had been completed on 23 January 2014, being the date on which the Company and BWI Europe were under common control of BWI (HK).

The interim condensed 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 interim condensed consolidated financial statements include the financial statements of the Group for the six month period ended 30 June 2015. 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 Company 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. 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.

2.2 Restatement of comparative interim condensed consolidated financial statements for the six month period ended 30 June 2014

Upon the completion of BWI Europe Acquisition in 2014, the Company changed the presentation currency of its consolidated financial statements from RMB to HK\$ following the change of functional currency of the Company. The directors of the Company 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 was applied retrospectively. The comparative figures presented in these interim condensed consolidated financial statements have also been restated to reflect the change the presentation currency from RMB to HK\$ accordingly.

Pursuant to part of the debt restructuring of the Group completed in January 2014, 377,838,480 subscription shares were issued and allotted by the Company to NAIH SPV (as defined in the Company's 2014 annual report) for the benefit of the NAIH Scheme Creditors (as defined in the Company's 2014 annual report). The related consideration of HK\$44,132,000 was borne by Success Arrive Limited, and such amount of HK\$44,132,000 was recognised as part of the cost of the debt restructuring together with a corresponding increase in the Group's capital reserve.

In addition, finance lease obligation due to a lessor of HK\$14,968,000 was effectively discharged upon the completion of the debt restructuring of the Group in 2014, hence such obligation of HK\$14,968,000 together with those machineries subject to the lessor's charges of HK\$6,387,000 shall be derecognised by the Group during the six month period ended 30 June 2014, thereby the Group's restructuring gain for the six month period ended 30 June 2014 shall increase by HK\$8,581,000.

The overall net impact on the Group's restructuring gain was HK\$35,551,000, and the interim condensed consolidated financial statements of the Group for the six month period ended 30 June 2014 was restated to take into account the above impacts.

The effects of the above restatements are summarised as below:

	<i>HK\$'000</i>
Effect on interim condensed consolidated statements of profit or loss for the six month period ended 30 June 2014:	
Decrease in restructuring gains	(35,551)
Decrease in profit before tax and profit for the period	<u>(35,551)</u>
Effect on interim condensed consolidated balance sheet at 30 June 2014:	
Decrease in property, plant and equipment	(6,387)
Decrease in finance lease obligations	<u>14,968</u>
Increase in net assets	<u>8,581</u>
Increase in capital reserve	44,132
Decrease in retained earnings	<u>(35,551)</u>
Increase in equity	<u>8,581</u>

To take into account the above restatements of restructuring gains, the Group's comparative earnings per share for the six month period ended 30 June 2014 was decreased by 1.87 HK cents.

There is no effect on the Group's interim condensed consolidated financial statements for the six month period ended 30 June 2015 and the Group's consolidated financial statements for the year ended 31 December 2014.

2.3. New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

The nature and the impact of each new standard or amendment is described below:

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

HKAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

HKFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

The above definitions are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Group's accounting policies.

HKFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 (or HKAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

HKFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

“An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are ‘similar’”.

The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in HKFRS 8.12, because the Group's operating activities are attributable to a single operating segment. Thus, this amendment does not impact the accounting policy of the Group.

HKAS 16 Property, Plant and Equipment and HKAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in HKAS 16 and HKAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

HKAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from entities other than related parties.

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

HKFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within HKFRS 3 that:

“Joint arrangements, not just joint ventures, are outside the scope of HKFRS 3.”

This scope exception applies only to the accounting in the financial statements of the joint arrangement itself. BeijingWest Industries International Limited is not a joint arrangement, and thus this amendment is not relevant for the Company and its subsidiaries.

HKFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 (or HKAS 39, as applicable). The Group does not apply the portfolio exception in HKFRS 13.

HKAS 40 Investment Property

The description of ancillary services in HKAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that HKFRS 3, and not the description of ancillary services in HKAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on HKFRS 3, not HKAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

2.4 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 interim condensed consolidated financial statements.

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

- ¹ Effective for annual periods beginning on or after 1 January 2016
- ² Effective for annual periods beginning on or after 1 January 2017
- ³ Effective for annual periods beginning on or after 1 January 2018
- ⁴ 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.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating activities are originated from a single operating segment, which is 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

	Six months ended	
	30 June	30 June
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(Restated)
Product revenue	1,532,424	1,578,227
Technical services income	52,518	51,888
	<u>1,584,942</u>	<u>1,630,115</u>

Geographical information

(a) Revenue from external customers

	Six months ended	
	30 June	30 June
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(Restated)
United Kingdom	807,377	817,990
United States	158,563	118,100
Germany	268,574	308,608
Mainland China	11,276	47,500
Other countries	339,152	337,917
	<u>1,584,942</u>	<u>1,630,115</u>

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

(b) *Non-current assets*

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Poland	185,300	193,011
United Kingdom	84,461	92,606
Mainland China	–	58,146
Other countries	9,439	6,635
	<u>279,200</u>	<u>350,398</u>

The non-current assets 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 revenue 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:

	Six months ended 30 June 2015 HK\$'000 (unaudited)	30 June 2014 HK\$'000 (unaudited) (Restated)
Customer A	754,737	762,436
Customer B	157,971	160,434
	<u>912,708</u>	<u>922,870</u>

4. 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:

	Six months ended	
	30 June	30 June
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(Restated)
Revenue		
Sale of goods	1,532,424	1,578,227
Technical services income	52,518	51,888
	1,584,942	1,630,115
	Six months ended	
	30 June	30 June
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(Restated)
Other income		
Profit from sale of scrap materials	4,751	5,864
Bank interest income	1	17
Royalty income	6,189	6,407
Prototype income	10,000	–
Compensation for contract reduction	–	15,990
Others	2,985	3,004
	23,926	31,282
Other income and gains, net		

5. PROFIT BEFORE TAX

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

	Six months ended	
	30 June	30 June
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(Restated)
Cost of inventories sold	1,248,579	1,275,859
Depreciation	18,872	23,308
Amortisation of prepaid land lease payments	75	879
Minimum lease payments under operating leases:		
Buildings	1,369	1,200
Plant and equipment	7,838	12,959
Auditors' remuneration	1,225	623
Employee benefit expense (including directors' remuneration):		
Wages, salaries and benefits	229,266	228,928
Defined benefit obligation expenses	<i>11</i> 1,899	2,408
	231,165	231,336
Research and development costs	141,678	130,875
Less: Staff costs included as research and development costs	70,286	68,907
Research and development costs, net of staff costs	71,392	61,968
Loss on disposal of items of property, plant and equipment, net	4	215
(Reversal of impairment)/impairment of trade and bills receivables, net*	<i>9</i> (297)	2,478
Provision against obsolete inventories**	3,911	2,298
Provision for warranties, net	275	9,705
Provision for additional rental claim***	15,752	–
Foreign exchange differences, net	25,790	16,206

* The impairment amounts of trade and bills receivables are included in “Administrative expenses” in the interim condensed consolidated statement of profit or loss.

** The provision against obsolete inventories is included in “Cost of sales” in the interim condensed consolidated statement of profit or loss.

*** The provision for additional rental claim was accrued as a result of the receipt of the final court judgement by the Group in the current period in respect of an outstanding litigation in the prior years. Such provision is included in “Other operating expenses, net” in the interim condensed consolidated statement of profit or loss.

6. GAIN ON DECONSOLIDATION OF SUBSIDIARIES, NET

Pursuant to a notice of liquidators' appointment dated 12 February 2015 ("Notice"), Messrs. Darach E. Haughey and Ho Kwok Leung Glen were appointed as the joint and several voluntary liquidators of Fullitech International Limited ("Fullitech"), a direct wholly-owned subsidiary of the Company, as approved in form of written resolutions by the Company in respect of the voluntary winding up of Fullitech on the same date. Such Notice together with other relevant documents were submitted and filed in the Registrar of Corporate Affairs in the territory of the British Virgin Islands in February 2015. As such, the directors of Fullitech ceased to have power over the business activities of Fullitech and the assets of Fullitech were under custody and control of the liquidators, thereby the Group lost control over the operating and financing activities of Fullitech upon appointment of the liquidators in February 2015. Accordingly, Fullitech ceased to be a subsidiary of the Company and the assets and liabilities of Fullitech together with its subsidiaries (collectively the "Fullitech Group") were deconsolidated from that of the Group since 12 February 2015 in the current period. Fullitech Group had been engaged in manufacture and sale of automotive parts and components business. The Group recognised a gain arising from deconsolidation of the Fullitech Group which had net liabilities at the time the Group's control was lost.

Gain on deconsolidation of subsidiaries represented the net liabilities of the Fullitech Group at the time when the Group's control was lost, which were analysed as follows:

	As at 12 February 2015 HK\$'000
Property, plant and equipment	52,293
Trade and bills receivables (<i>note 9</i>)	43,955
Prepayments, deposits and other receivables	2,063
Cash and cash equivalents	4,687
Trade payables	(44,214)
Other payables and accruals	(88,012)
Income tax payables	(17,089)
Net liabilities deconsolidated	(46,317)
Release of exchange fluctuation reserve	(38,469)
Impairment of receivables due from Fullitech Group	20,500
Gains on deconsolidation of subsidiaries, net	<u>64,286</u>

7. INCOME TAX

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2015 as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2014: 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 income tax prevailing in the countries in which the Group operates include:

	Six months ended	
	30 June	30 June
	2015	2014
	(unaudited)	(unaudited)
		(Restated)
Luxembourg	21%	21%
Poland	19%	19%
United Kingdom	21%	22%
France	33.33%	33.33%
Germany	31.9%	31.9%
Italy	31.4%	31.4%
Mainland China	25%	25%
	Six months ended	
	30 June	30 June
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(Restated)
Group:		
Current – Elsewhere	14,445	26,566
Deferred	(411)	(9,450)
Tax charge for the period	14,034	17,116

A reconciliation of the tax expense applicable to profit 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:

	Six months ended	
	30 June	30 June
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(Restated)
Profit before tax	110,243	370,415
Income tax charge at the Company's statutory tax rate of 16.5%	18,190	61,118
Effect of different income tax rates for foreign operations	943	14,626
Income not subject to tax	(16,007)	(11,901)
Expenses not deductible for tax purposes	1,680	1,909
Tax losses not recognised as deferred tax assets	9,228	2,004
Utilisation of prior year tax losses	–	(50,640)
Tax charge at the effective rate	14,034	17,116

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of issued ordinary shares of 4,758,588,876 (six months ended 30 June 2014: 1,897,010,948) during the period.

No diluted earnings per share is presented for the six months ended 30 June 2015 and for the six months ended 30 June 2014 as the Company did not have any outstanding dilutive potential ordinary shares during the period and the prior period.

9. TRADE AND BILLS RECEIVABLES

	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Trade and bills receivables	487,767	489,810
Impairment	(1,971)	(4,341)
Total	485,796	485,469

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 customers. 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:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Within 3 months	485,498	485,310
3 months to 1 year	120	79
Over 1 year	178	80
	<u>485,796</u>	<u>485,469</u>

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

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
At beginning of the period/year	(4,341)	(3,364)
Acquisition of subsidiaries	–	(32,950)
Deconsolidation of subsidiaries (<i>note 6</i>)	1,914	–
Impairment losses reversed/(recognised), net (<i>note 5</i>)	297	(614)
Amount written-off as uncollectible	–	29,292
Exchange realignment	159	3,295
	<u>(1,971)</u>	<u>(4,341)</u>
At end of the period/year	<u>(1,971)</u>	<u>(4,341)</u>

Included in the provision for impairment of trade and bills receivables are provision for individually impaired trade receivables of HK\$1,971,000 (31 December 2014: HK\$4,341,000) with an aggregate carrying amount before provision of HK\$70,705,000 as at 30 June 2015 (31 December 2014: HK\$28,269,000). 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:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Neither past due nor impaired	417,062	461,541
Past due but not impaired	<u>—</u>	<u>—</u>
	<u>417,062</u>	<u>461,541</u>

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

10. TRADE PAYABLES

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

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Within 3 month	402,161	407,266
3 to 6 months	78	4,456
6 to 12 months	168	3,669
Over 12 months	<u>265</u>	<u>23,810</u>
	<u>402,672</u>	<u>439,201</u>

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

11. DEFINED BENEFIT OBLIGATIONS

The Group have defined benefit pension plans, covering substantially all of its qualified employees in Poland, France and Germany. The amounts of employee benefit obligations recognised in the statement of financial position represent the present value of the unfunded obligations.

The defined benefit obligations were determined based on actuarial valuation performed by Towers Watson Consulting Company Limited, an independent actuary, whose registered office is located at 11th Floor, Kerry Center, 1515 West Nanjing Road, Shanghai, the PRC, using the projected unit credit method.

The components of benefit expenses in profit or loss and the amounts recognised in the interim condensed consolidated statement of financial position are summarised as follows:

- (a) The provisions for defined benefit obligations recognised in the interim condensed consolidated statement of financial position are shown as follows:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Present value of unfunded obligations	64,528	74,061
Portion classified as current liabilities	(1,017)	(1,097)
Non-current portion	63,511	72,964

- (b) The movements of the defined benefit obligations are as follows:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
At beginning of the period/year	74,061	–
Acquisition of subsidiaries	–	69,113
Current service costs	1,102	3,218
Interest cost on benefit obligations	797	2,359
Benefits paid during the period/year	(372)	(1,193)
Re-measurement losses recognised in other comprehensive (income)/loss	(5,358)	14,579
Exchange realignment	(5,702)	(14,015)
At the end of period/year	64,528	74,061

- (c) The net expenses recognised in the interim condensed consolidated profit or loss are analysed as follows:

	Six months ended 30 June 2015 HK\$'000 (unaudited)	30 June 2014 HK\$'000 (unaudited) (Restated)
Current service costs	1,102	1,385
Interest cost on benefit obligations	797	1,023
Benefit expenses	1,899	2,408

12. SHARE CAPITAL

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Authorised:		
10,000,000,000 ordinary shares of HK\$0.01 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
5,806,102,688 (2014: 4,606,102,688) ordinary shares of HK\$0.01 each	<u>58,061</u>	<u>46,061</u>

A summary of the movements in the Company's issued share capital during the six months ended 30 June 2015 is as follows:

	<i>Notes</i>	Number of ordinary shares in issue	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
For the six months ended 30 June					
At 31 December 2014 and 1 January 2015 (audited)		4,606,102,688	46,061	2,509,127	2,555,188
Issuance of the subscription shares	<i>(a)</i>	100,000,000	1,000	37,000	38,000
Share placements	<i>(b)</i>	1,100,000,000	11,000	503,000	514,000
Transaction cost attributable to issue of shares	<i>(c)</i>	–	–	(12,890)	(12,890)
Reduction of share premium with accumulated losses	<i>(d)</i>	<u>–</u>	<u>–</u>	<u>(1,982,912)</u>	<u>(1,982,912)</u>
At 30 June 2015 (unaudited)		<u>5,806,102,688</u>	<u>58,061</u>	<u>1,053,325</u>	<u>1,111,386</u>

- (a) Pursuant to a share subscription agreement entered into between the Company and China Review Property Group Limited (the “Subscriber”) dated 23 April 2015, 100,000,000 new ordinary shares of the Company were allotted and issued to the Subscriber, which is wholly and beneficially owned by Mr. Mung Kin Keung (“Mr. Mung”), who is a merchant, on 11 May 2015 at a subscription price of HK\$0.38 per subscription share for a total net cash consideration of HK\$38,000,000. The Subscriber and Mr. Mung are third parties independent of the Company and its connected persons. Further details of the issue of the subscription shares are set out in the Company’s announcement dated 11 May 2015.
- (b) Pursuant to a placing agreement entered into between the Company and a placing agent dated 24 April 2015, 300,000,000 new ordinary shares of the Company were placed to not less than six placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons on 11 May 2015, at a placing price of HK\$0.38 per placing share. The net proceeds from the placing were approximately HK\$111,141,000. Further details of the share placement are set out in the Company’s announcement dated 11 May 2015.
- Pursuant to another placing agreement entered into between the Company and a placing agent dated 4 June 2015, 800,000,000 new ordinary shares of the Company were placed to not less than six placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons on 22 June 2015, at a placing price of HK\$0.50 per placing share. The net proceeds from the placing were approximately HK\$389,969,000. Further details of the share placement are set out in the Company’s announcement dated 22 June 2015.
- (c) Pursuant to the share placements as detailed in note (b) above, the transaction cost attributable to issue of shares was charged to share premium account with amount of HK\$12,890,000.
- (d) The share premium account of the Company was reduced by an amount of approximately HK\$1,982,912,000, equivalent to the accumulated losses of the Company and the credit arising therefrom will be used to fully set off the accumulated losses of the Company as at 31 December 2014. Further details of which are set out in the Company’s circular dated 26 May 2015.

13. COMMITMENTS

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

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Contracted, but not provided for:		
Plant and machinery	25,524	19,235
Authorised, but not contracted for:		
Plant and machinery	23,804	23,157
	49,328	42,392

14. EVENT AFTER THE REPORTING PERIOD

There was no material event subsequent to 30 June 2015.

15. COMPARATIVE AMOUNTS

Certain comparative amounts have been restated in the preparation of these interim condensed consolidated financial statements as a result of the matter as detailed in note 2.2 to the interim condensed consolidated financial statements of this announcement.

EXTRACT OF QUALIFICATIONS IN THE REVIEW REPORT ON INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2015

Basis for qualified review conclusion

The comparative figures for the six months ended 30 June 2014 shown in these interim condensed consolidated financial statements may not be comparable with the figures for the current six month period ended 30 June 2015, because of the following matters which arose from our audit of the Company's consolidated financial statements for the year ended 31 December 2014:

1. Corporate undertakings and guarantees

The Group had given corporate undertaking 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. 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 during the six months ended 30 June 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 six month period ended 30 June 2014.

2. 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 as at 31 December 2013. 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 second half of the year ended 31 December 2014 due to the commencement of liquidation of the then associate in November 2014. Any adjustments for the amount due from the then associate as at 31 December 2013 or 30 June 2014 would have an impact on the Group's profit or loss for the six month period ended 30 June 2014.

3. 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 as at 31 December 2013. 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 the second half of the year ended 31 December 2014, as the then associate had completed its liquidation procedures in June 2014 without any claims against the Group afterwards, such that 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 or 30 June 2014 would have an impact on the Group's profit or loss for the six month period ended 30 June 2014.

4. 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. 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 scheme of arrangement with creditors. Thereby the Group's finance lease obligations were discharged and the Group recognised a restructuring gain of HK\$273 million during the six months ended 30 June 2014 from such restructuring as a whole. Accordingly, these obligations under finance leases were derecognised by the Group during the six month period ended 30 June 2014. Any adjustments that may be required to be made to these obligations under finance leases as at 31 December 2013 would have an impact on the restructuring gain of HK\$ 273 million recognised in the six month period ended 30 June 2014.

Conclusion

Based on our review, except for the possible effects of the matters described in the “Basis for qualified review conclusion” paragraphs, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKFRS 34.

Other matter

The interim condensed consolidated financial statements of the Group for the six month period ended 30 June 2014 were reviewed by the predecessor auditor, ZHONGHUI ANDA CPA Limited, who expressed a qualified reviewed opinion and an emphasis of matter on those statements on 28 August 2014.

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2015 (2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL AND FINANCIAL REVIEW

The reporting period covered the results for six months period from 1 January 2015 to 30 June 2015. Even though the acquisition of BWI Europe Company Limited S.A. (“BWI Europe”) and its subsidiaries (collectively known as “BWI Europe Group”) was completed on 23 December 2014, the corresponding comparative amounts shown were prepared using merger accounting basis as if BWI Europe has been acquired on 23 January 2014, being the date on which the Company and BWI Europe were under common control of the Company’s controlling shareholders, BeijingWest Industries Co., Ltd. (“BWI”).

During the period under review, the Company and its subsidiaries (collectively the “Group”) were involved in the following principal activities:

- manufacture and sale of automotive parts and components
- trading of automotive parts and components
- provision of technical services

Turnover

The turnover of different business sectors for the six months ended 30 June 2015 and six months ended 30 June 2014 are summarized below:

	For the six months ended 30 June 2015 (HK\$ million)	For the six months ended 30 June 2014 (HK\$ million) (Restated)	Change (%)
Manufacture and sale of automotive parts and components in the PRC	-	47.63	-100.00
Manufacture and sale of controlled and passive suspension products	1,532.42	1,530.60	0.12
Provision of technical services	52.52	51.89	1.21
Total	<u>1,584.94</u>	<u>1,630.12</u>	<u>-2.77</u>

For the six months ended 30 June 2015, the revenue from the manufacture and sale of automotive parts and components in the PRC was nil (six months ended 30 June 2014 (restated): HK\$47.63 million). The decrease in revenue was mainly because the PRC operations have ceased operations and the liquidation procedures of the respective operations have commenced since February 2015.

The Group has been focusing on the manufacture and sale of controlled and passive suspension products and provision of technical services in Europe during the period under review. For the six months ended 30 June 2015, the Group recorded revenue of HK\$1,532.42 million in manufacture and sale of controlled and passive suspension products (six months ended 30 June 2014 (restated): HK\$1,530.60 million), as well as HK\$52.52 million in provision of technical services (six months ended 30 June 2014 (restated): HK\$51.89 million). Despite the increase in sales orders and production quantity during the six months ended 30 June 2015, turnover only slightly increases due to depreciation of Polish Zloty (“PLN”) and Great Britain Pound Sterling (“GBP”) against Hong Kong dollar (“HK\$”), when the sales amounts in PLN and GBP were translated to the presentation currency in HK\$, the increase in turnover was partly offset by the depreciation in the currencies.

Gross profit and gross profit margin

The gross profit and gross profit margin of different business sector for the six months ended 30 June 2015 and six months ended 30 June 2014 are summarized below:

	For the six months ended 30 June 2015		For the six months ended 30 June 2014		Change	
	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit
	Gross profit	margin	Gross profit	margin	Gross profit	margin
	(HK\$ million)	(%)	(HK\$ million)	(%)	(HK\$ million)	(%)
			(Restated)			
Manufacture and sale of automotive parts and components in the PRC	-	-	1.51	3.17	-1.51	-3.17
Manufacture and sale of controlled and passive suspension products and provision of technical services	<u>336.36</u>	<u>21.22</u>	<u>352.75</u>	<u>22.29</u>	<u>-16.39</u>	<u>-1.07</u>
Total	<u>336.36</u>	<u>21.22</u>	<u>354.26</u>	<u>21.73</u>	<u>-17.90</u>	<u>-0.51</u>

The gross profit and gross profit margin from the manufacture and sale of automotive parts and components in the PRC for the six months ended 30 June 2015 were nil mainly because the PRC operations has ceased operations and liquidation procedures are in progress.

Controlled suspensions, passive suspensions and technical services are the product/service categories of the revenue of BWI Europe. 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. The cost of sales of BWI Europe Group is mainly comprised of the costs of the controlled and passive suspension products. During the six months ended 30 June 2015, the overall gross profit and gross profit margin were HK\$336.36 million and 21.22% respectively (six months ended 30 June 2014 (restated): HK\$352.75 million and 22.29% respectively). Gross profit decreases mainly because of the translation effect from PLN and GBP to HK\$, while the gross profit margin decreases slightly primarily due to slight increase in cost of sales of passive suspension products.

Other income

Other income of the Group for the six months ended 30 June 2015 decreased by 23.52 % to HK\$23.93 million (six months ended 30 June 2014 (restated): HK\$31.28 million), the decrease in other income was mainly because of the decrease in compensation for contract reduction from a passenger vehicle manufacturer.

Distribution and selling expenses

Distribution and selling expenses of the Group for the six months ended 30 June 2015 decreased by 58.95 % to HK\$8.33 million (six months ended 30 June 2014 (restated): HK\$20.29 million), distribution and selling expenses mainly consist of delivery expenses, salary and welfare for sales personnel and warranty expenses. Decrease in distribution and selling expenses were due to the cease of the PRC operations and the decrease in warranty expenses.

Administrative expenses

Administrative expenses of the Group for the six months ended 30 June 2015 increased by 8.48% to HK\$121.94 million (six months ended 30 June 2014 (restated): HK\$112.40 million). The increased in administrative expenses was mainly due to increase in management service fee charged by related companies.

Finance costs

Finance costs of the Group for the six months ended 30 June 2015 decreased by 79.90 % to HK\$0.84 million (six months ended 30 June 2014 (restated): HK\$4.18 million). Finance costs in current period mainly represented interest on bank loans, while finance costs in prior period mainly represented interest due to the restructuring scheme.

Gain attributable to equity holders of the Company

For the six months ended 30 June 2015, the Group recorded an attributable gain of approximately HK\$96.21 million (for the six months ended 30 June 2014 (restated): HK\$353.30 million). The decrease was mainly attributed to the decrease in the Group's restructuring gain.

Prospects

The business of the Group will focus on the design, manufacture and sale of automobile controlled and passive suspension products, as well as provision of related technical services in Europe after the commencement of disinvestment of the PRC operations. The Group will reinforce the operations and development of the controlled and passive suspension products business in Europe.

The premium vehicle market in Europe is expected to continue growing in the coming years despite the uncertainty in the European economy, we believe that the technical expertise which the Group possess, the long-term relationship developed with different premium vehicle manufacturers, as well as understanding on the requirements of the premium vehicle manufacturers will enable us to capture market opportunities and develop controlled and passive suspension products that meet the technical requirements of the premium vehicle manufacturers. This provide a strong platform for the Company's long-term development.

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 also 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 six months ended 30 June 2015, in which net cash from operating activities amounted to HK\$12.38 million (six months ended 30 June 2014 (restated): net cash used in operating activities HK\$178.38 million). As at 30 June 2015, the Group maintained cash and bank balances of HK\$791.14 million (as at 31 December 2014: HK\$357.51 million).

As at 30 June 2015, the Group had bank borrowings of HK\$101.73 million, which were all denominated in Euro and United States Dollar. The bank borrowings as at 30 June 2015 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 30 June 2015 was 5.40% (as at 31 December 2014: 3.49%).

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

Pledge of Assets

As at 30 June 2015 and 30 June 2014, there were no assets being pledged.

Foreign Exchange Exposure

The Group's transactions are mainly denominated in the local currencies of the places of operation, which include PLN and GBP, transactions would also be denominated in Euro and United States dollars. During the six months ended 30 June 2015, the Group did not have any material foreign exchange exposure.

Capital and other commitments

Save as disclosed in note 13 to this announcement, the Group and the Company has no other commitments as at 30 June 2015 and 30 June 2014.

Contingent Liabilities

As at 30 June 2015, the Group and the Company did not have any significant contingent liabilities.

Employees and Remuneration Policy

As at 30 June 2015, the Group had approximately 742 full-time employees, all of them were working in the Company and Company's subsidiaries in Europe (as at 30 June 2014: 1,193 full-time employees, in which 758 full-time employees were working in the Company and the Company's subsidiaries in Europe, and the remaining were working in the Company's subsidiaries in the PRC). During the six months ended 30 June 2015, the total employees' cost was HK\$231.17 million (six months ended 30 June 2014 (restated): HK\$231.34 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 have defined benefit pension plans covering substantially all of its qualified employees in Poland, France and Germany. The Group has also 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 (whether on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or otherwise) during the period under review.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "CG Code") during the six months ended 30 June 2015, except for the following deviation:

- 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 Chairman of the Board, who is also the chairman of the Nomination Committee of the Company, did not attend the annual general meeting of the Company held on 22 May 2015 (the "2015 AGM") as he had another business engagement. The Managing Director of the Company, who took the chair of the 2015 AGM, and other members of the Board together with the chairmen of the Audit and Remuneration Committees and all other members of each of the Audit, Remuneration and Nomination Committees attended the 2015 AGM. The Company considers that the members of the Board and the Audit, Remuneration and Nomination Committees who attended the 2015 AGM were already of sufficient calibre and number for answering questions at the 2015 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 period.

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

Hong Kong, 27 August 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).