京西重工國際有限公司
BEIJINGWEST INDUSTRIES INTERNATIONAL LIMITED

Stock Code: 2339

BeijingWest Industries International Limited

Annual Report 2013

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Xu Ning *(Chairman)*
Wang Zhong *(Managing Director)*
Li Shaofeng *(Executive Director)*
Zhang Yaochun *(Non-executive Director)*
Craig Allen Diem *(Non-executive Director)*
Tam King Ching, Kenny
(Independent Non-executive Director)
Leung Kai Cheung
(Independent Non-executive Director)
Yip Kin Man, Raymond
(Independent Non-executive Director)

EXECUTIVE COMMITTEE

Wang Zhong *(Chairman)*
Li Shaofeng

AUDIT COMMITTEE

Tam King Ching, Kenny *(Chairman)*
Leung Kai Cheung
Yip Kin Man, Raymond

NOMINATION COMMITTEE

Xu Ning *(Chairman)*
Zhang Yaochun
Tam King Ching, Kenny
Leung Kai Cheung
Yip Kin Man, Raymond

REMUNERATION COMMITTEE

Leung Kai Cheung *(Chairman)*
Wang Zhong
Tam King Ching, Kenny
Yip Kin Man, Raymond

COMPANY SECRETARY

Cheng Man Ching

AUDITOR

ZHONGHUI ANDA CPA Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712-16, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY 1-1111, Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 1005-06, 10th Floor
Harcourt House
39 Gloucester Road
Wanchai, Hong Kong

STOCK CODE

2339

WEBSITE

http://www.irasia.com/listco/hk/bwi/

DIRECTORS' BIOGRAPHIES

Mr. Xu Ning, aged 59, senior economist, graduated from the Party School of the Central Committee of the Communist Party of China. Mr. Xu was appointed a Non-executive Director and the Chairman of the Company with effect from 27 January 2014. He is also the chairman of the Nomination Committee of the Company. Mr. Xu joined Shougang Corporation, the ultimate holding company of each of BeijingWest Industries Co., Ltd. ("BWI"), BWI Company Limited ("BWI HK") and Success Arrive Limited ("SAL"), in 1970 and is a director and the general manager of Shougang Corporation. Each of Shougang Corporation, BWI, BWI HK and SAL is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"). He is also a non-executive director and the chairman of Shougang Concord International Enterprises Company Limited ("Shougang International"), a Hong Kong listed company, and the deputy chairman of Beijing Shougang Co. Ltd., a company listed on the Shenzhen Stock Exchange. Mr. Xu has extensive experience in management and operation of the steel industry.

An engagement letter was entered into with Mr. Xu for a term commencing on 27 January 2014 and ending on 31 December 2016. Under the engagement letter, Mr. Xu is entitled to a director's fee as may be determined by the board of directors of the Company (the "Board") from time to time pursuant to the authority given by the shareholders of the Company (the "Shareholders"). Such director's fee will be determined with reference to Mr. Xu's experience and duties as well as the then prevailing market conditions. In order to strengthen the working capital of the Company, Mr. Xu will not receive any director's fee until as may be otherwise determined by the Board.

Mr. Wang Zhong, aged 56, senior economist, holds a bachelor degree specialising in metallic materials and heat treatment from Beijing Iron and Steel Institute (now known as the University of Science and Technology) and a master degree in economics from the Party School of the Central Committee of the Communist Party of China. Mr. Wang was appointed an Executive Director and the Managing Director of the Company with effect from 27 January 2014. He is the chairman of the Executive Committee and a member of the Remuneration Committee of the Company. Mr. Wang is a director and president of BWI, a substantial shareholder of the Company within the meaning of Part XV of the SFO. Since 1983, he has held various positions in the Shougang group. In 2007, Mr. Wang was appointed a director for planning and development in Shougang Corporation, a substantial shareholder of the Company within the meaning of Part XV of the SFO. In 2009, when BWI was formed, he was appointed a director and the vice-president of BWI. In 2012, Mr. Wang was appointed president of BWI.

A service contract was entered into between Mr. Wang and the Company for a term commencing on 27 January 2014 and ending on 31 December 2016. Under the service contract, Mr. Wang is entitled to a salary and discretionary bonus as may be determined by the Board from time to time pursuant to the authority given by the Shareholders. Such salary and discretionary bonus will be determined with reference to the then prevailing market conditions, the performance of the Company as well as Mr. Wang's individual performance. In order to strengthen the working capital of the Company, Mr. Wang will not receive any salary until as may be otherwise determined by the Remuneration Committee of the Board.

DIRECTORS' BIOGRAPHIES

Mr. Li Shaofeng, aged 47, holds a bachelor degree in Automation from University of Science and Technology Beijing. Mr. Li was appointed an Executive Director of the Company with effect from 27 January 2014 and is a member of the Executive Committee of the Company. He joined Shougang Corporation, the ultimate holding company of each of BWI, BWI HK and SAL, in 1989. Each of Shougang Corporation, BWI, BWI HK and SAL is a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Li is the managing director of Shougang International, the chairman of each of Shougang Fushan Resources Group Limited, Shougang Concord Grand (Group) Limited ("Shougang Grand"), Global Digital Creations Holdings Limited and Shougang Concord Century Holdings Limited ("Shougang Century") and the non-executive chairman of Shougang Concord Technology Holdings Limited ("Shougang Technology"). He is also a non-executive director of Sinocop Resources (Holdings) Limited, a Hong Kong listed company. Mr. Li is a non-executive director of Mount Gibson Iron Limited ("Mount Gibson"), a company listed on the Australian Securities Exchange, and was an alternate director to an ex-director of Mount Gibson from November 2011 to February 2012. He has extensive experience in management of, and investments in, listed companies, sino-foreign joint ventures and steel industry.

A service contract was entered into between Mr. Li and the Company for a term commencing on 27 January 2014 and ending on 31 December 2016. Under the service contract, Mr. Li is entitled to a salary and discretionary bonus as may be determined by the Board from time to time pursuant to the authority given by the Shareholders. Such salary and discretionary bonus will be determined with reference to the then prevailing market conditions, the performance of the Company as well as Mr. Li's individual performance. In order to strengthen the working capital of the Company, Mr. Li will not receive any salary until as may be otherwise determined by the Remuneration Committee of the Board.

Mr. Zhang Yaochun, aged 56, holds a bachelor degree in law by correspondence from the Party School of the Central Committee of the Communist Party of China and a master degree in enterprise management from Capital University of Economics and Business. Mr. Zhang was appointed a Non-executive Director of the Company with effect from 27 January 2014 and is a member of the Nomination Committee of the Company. Mr. Zhang is the deputy chairman of BWI, a substantial shareholder of the Company within the meaning of Part XV of the SFO, and the chairman of its labor union. Since 1979, he has been involved in the cement business of the Fangshan district of Beijing, and he was appointed the chairman and the general manager of Beijing City Fangshan District General Company in 2002. In 2009, he was appointed the deputy chairman of BWI.

An engagement letter was entered into with Mr. Zhang for a term commencing on 27 January 2014 and ending on 31 December 2016. Under the engagement letter, Mr. Zhang is entitled to a director's fee as may be determined by the Board from time to time pursuant to the authority given by the Shareholders. Such director's fee will be determined with reference to Mr. Zhang's experience and duties as well as the then prevailing market conditions. In order to strengthen the working capital of the Company, Mr. Zhang will not receive any director's fee until as may be otherwise determined by the Board.

DIRECTORS' BIOGRAPHIES

Mr. Craig Allen Diem, aged 52, graduated from the University of Toledo with a Bachelor of Science in Mechanical Engineering and a Degree of Master of Science in Manufacturing Management from the GMI Engineering and Management Institute, Flint, Michigan. He completed the leadership program organised by the American Graduate School of International Management in 1997 and the managerial program organised by the American Graduate School of International Management (Thunderbird) in 2002. Mr. Diem was appointed a Non-executive Director of the Company with effect from 27 January 2014. He is the global director of strategic planning & program management of BWI, a substantial shareholder of the Company within the meaning of Part XV of the SFO. Since 1983, Mr. Diem has worked in the automotive components business with General Motors, Delphi and BWI. He transitioned from General Motors to Delphi Automotive Systems Limited ("Delphi Automotive Systems") in 1998. He was appointed the country manager for Delphi Chassis Korea in 1997 and the general manager for Delphi Shanghai Steering and Chassis Systems Co., Ltd. in 1999. In 2001, he relocated back to Brighton, Michigan as product team manager of Delphi Automotive Systems and was appointed a product line director in 2004. After the Chapter 11 filing of Delphi in Automotive Systems in October 2005, he became involved in Delphi's restructuring including divestitures of assets and winding down of certain operations. In 2008, he was appointed the Managing Director and the Chief Operating Officer – Brakes Business of Delphi Automotive Systems. In 2009, the BWI group acquired the chassis (brake and suspension) business of Delphi in North America, Europe and Asia Pacific, and Mr. Diem was appointed as Global Director of Strategic Planning of BWI group in April 2010.

An engagement letter was entered into with Mr. Diem for a term commencing on 27 January 2014 and ending on 31 December 2016. Under the engagement letter, Mr. Diem is entitled to a director's fee as may be determined by the Board from time to time pursuant to the authority given by the Shareholders. Such director's fee will be determined with reference to Mr. Diem's experience and duties as well as the then prevailing market conditions. In order to strengthen the working capital of the Company, Mr. Diem will not receive any director's fee until as may be otherwise determined by the Board.

Mr. Tam King Ching, Kenny, aged 65. Mr. Tam was appointed an Independent Non-executive Director of the Company with effect from 27 January 2014 and is the chairman of the Audit Committee as well as a member of each of the Nomination Committee and the Remuneration Committee of the Company. He is a practising Certified Public Accountant in Hong Kong. Mr. Tam is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants of Ontario, Canada. He is serving as a member of each of the Restructuring and Insolvency Faculty Executive Committee, the Small and Medium Practitioners Leadership Panel and the Insolvency SD Vetting Committee in the Hong Kong Institute of Certified Public Accountants. Mr. Tam is a Past President of The Society of Chinese Accountants and Auditors. He also serves as an independent non-executive director of certain listed companies on the main board of The Stock Exchange of Hong Kong Limited, namely, Shougang Grand, CCT Fortis Holdings Limited (formerly named as CCT Telecom Holdings Limited), Kingmaker Footwear Holdings Limited, Starlite Holdings Limited, Van Shung Chong Holdings Limited and West China Cement Limited which was delisted from the Alternative Investment Market of the London Stock Exchange plc on 23 August 2010. Mr. Tam was an independent non-executive director of North Asia Strategic Holdings Limited from September 2004 to February 2013.

DIRECTORS' BIOGRAPHIES

An engagement letter was entered into with Mr. Tam for a term commencing on 27 January 2014 and ending on 31 December 2016. Under the engagement letter, Mr. Tam is entitled to a director's fee as may be determined by the Board from time to time pursuant to the authority given by the Shareholders. For the financial year ending 31 December 2014, the director's fee of Mr. Tam will be HK$240,000 for a full year which will be paid in proportion to the actual length of services provided by Mr. Tam. Such director's fee was determined with reference to Mr. Tam's experience and duties as well as the then prevailing market conditions.

Mr. Leung Kai Cheung, aged 68, graduated from The Chinese University of Hong Kong with a bachelor degree in business. Mr. Leung was appointed an Independent Non-executive Director of the Company with effect from 27 January 2014 and is the chairman of the Remuneration Committee as well as a member of each of the Audit Committee and the Nomination Committee of the Company. He is also an independent non-executive director of each of Shougang International and Shougang Technology. Mr. Leung had been a senior executive of Citibank, N.A., the general manager of Barclays Bank PLC in charge of Kowloon and New Territories districts and was the chairman of Star International Enterprises Limited. He has extensive financial knowledge and business management experience and is familiar with the business environment of both Hong Kong and Mainland China and the operation of listed companies.

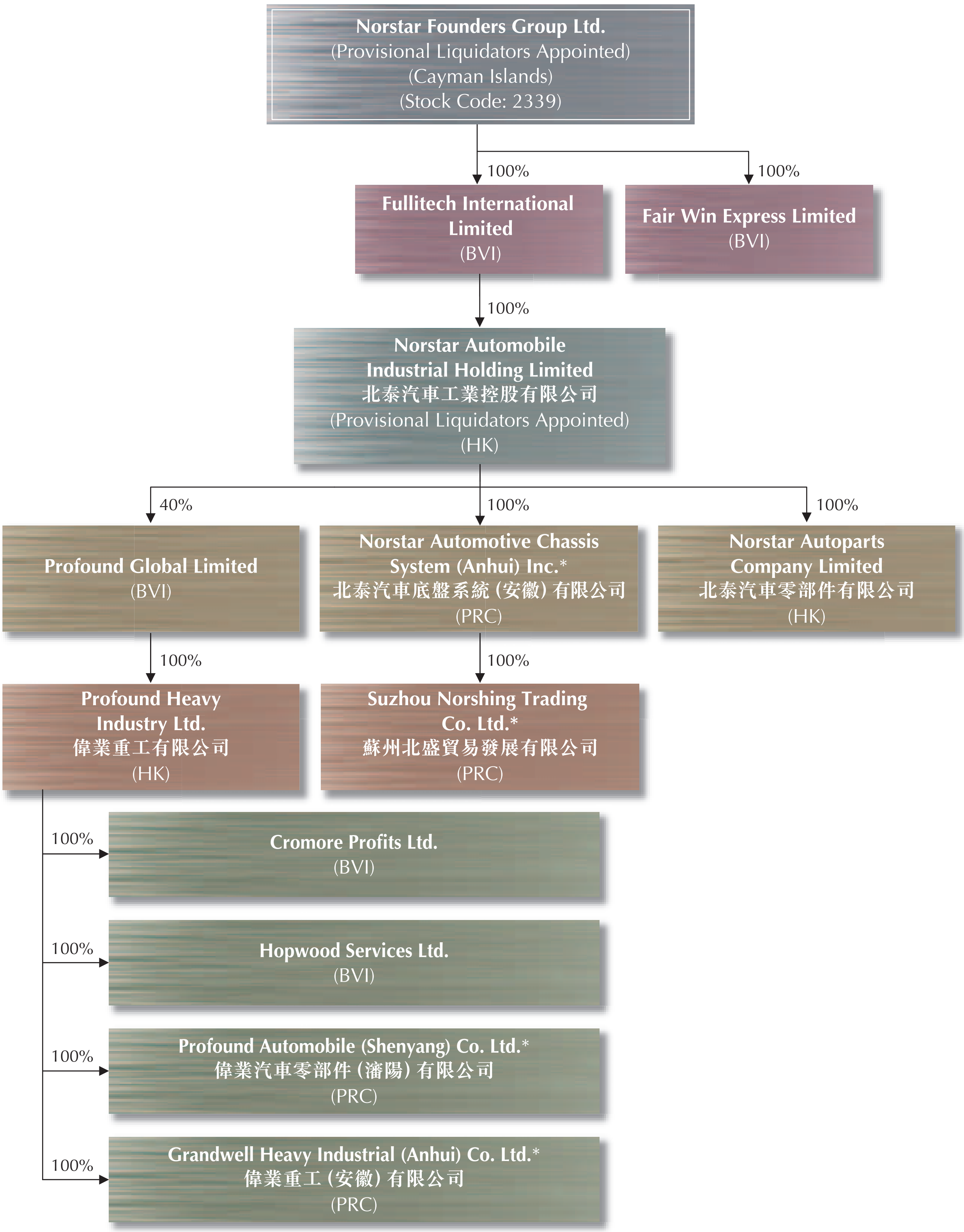
An engagement letter was entered into with Mr. Leung for a term commencing on 27 January 2014 and ending on 31 December 2016. Under the engagement letter, Mr. Leung is entitled to a director's fee as may be determined by the Board from time to time pursuant to the authority given by the Shareholders. For the financial year ending 31 December 2014, the director's fee of Mr. Leung will be HK$240,000 for a full year which will be paid in proportion to the actual length of services provided by Mr. Leung. Such director's fee was determined with reference to Mr. Leung's experience and duties as well as the then prevailing market conditions.

Mr. Yip Kin Man, Raymond, aged 67. Mr. Yip was appointed an Independent Non-executive Director of the Company with effect from 27 January 2014 and is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company. He is also an independent non-executive director of each of Shougang Grand and Shougang Century. Mr. Yip is a practising solicitor, notary public and Attesting Officer appointed by the Ministry of Justice of the PRC. He has over 40 years of experience in legal profession.

An engagement letter was entered into with Mr. Yip for a term commencing on 27 January 2014 and ending on 31 December 2016. Under the engagement letter, Mr. Yip is entitled to a director's fee as may be determined by the Board from time to time pursuant to the authority given by the Shareholders. For the financial year ending 31 December 2014, the director's fee of Mr. Yip will be HK$240,000 for a full year which will be paid in proportion to the actual length of services provided by Mr. Yip. Such director's fee was determined with reference to Mr. Yip's experience and duties as well as the then prevailing market conditions.

GROUP STRUCTURE

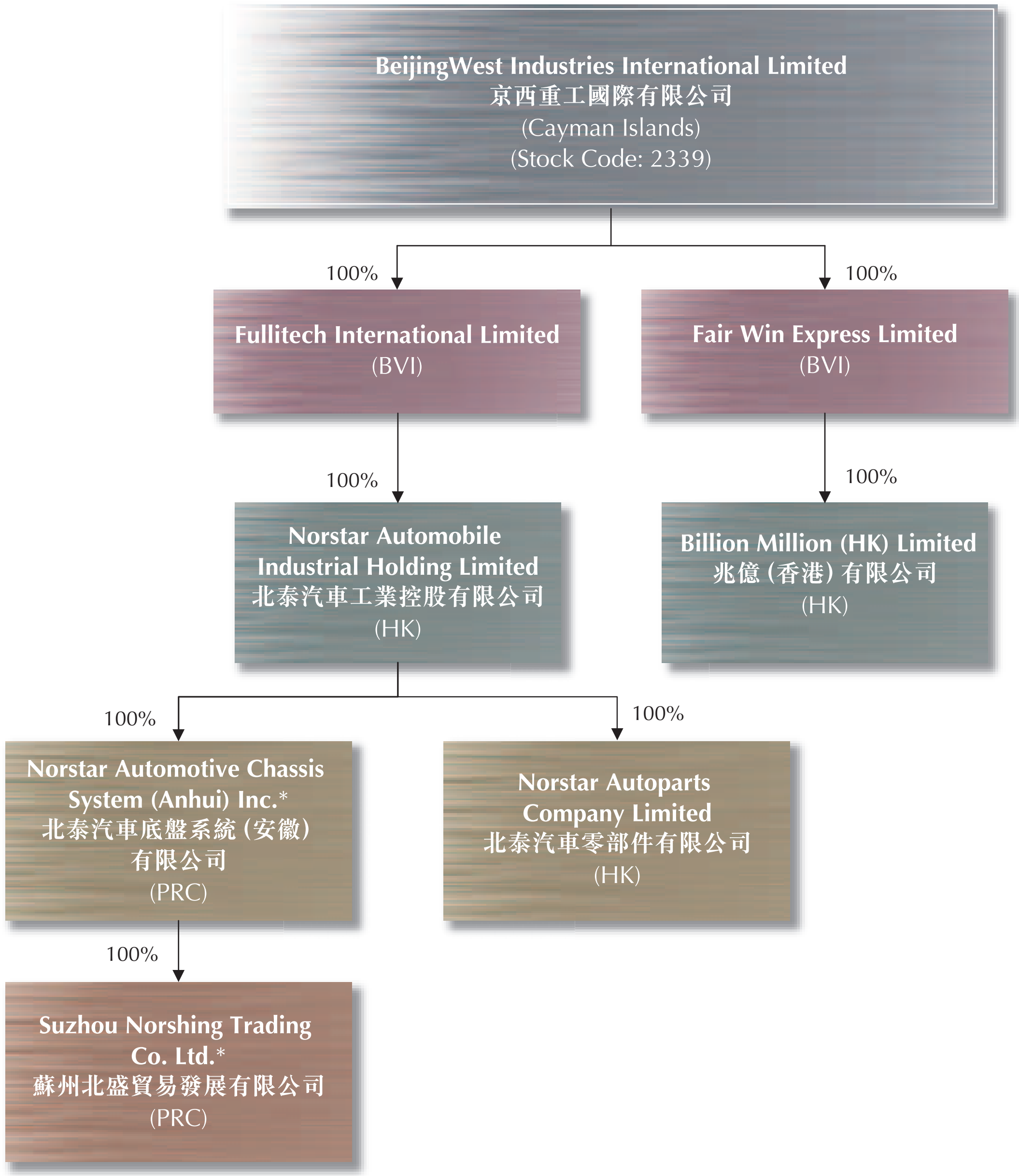
As at 31 December 2013



* *For identification purpose only*

GROUP STRUCTURE

As at 27 March 2014



* *For identification purpose only*

CHAIRMAN'S STATEMENT

On behalf of the board of directors of BeijingWest Industries International Limited (the "Company"), I am pleased to present the annual report and the financial statements of the Company and its subsidiaries (the "Group") for the nine months period ended 31 December 2013.

REORGANIZATION AND RESUMPTION

On 31 May 2013, Success Arrive Limited ("SAL"), the wholly-owned subsidiary of BeijingWest Industries Co., Ltd. ("BWI"), as the reorganization party, entered into a subscription agreement with the Company and the then provisional liquidators. In January 2014, the winding up petition against the Company had been dismissed and trading in the shares has been resumed. To that end, SAL has become the controlling shareholder of the Company and the name of the Company has been changed to BeijingWest Industries International Limited. SAL is wholly-owned by BWI Company Limited which in turn is wholly-owned by BWI. BWI is held as to 55.45% by Shougang Corporation, which is its ultimate holding company.

BUSINESS INTEGRATION

BWI was established on 23 March 2009, and on the same year successfully acquired the suspension and brake businesses from Delphi. BWI has inherited Delphi's over 80-year experience in producing chassis, moulds and systems of automobiles, BWI is fully capable of technology research and development using its own intellectual properties. Leveraging on its various plants, R&D centers, proving grounds and representative offices all over the world, BWI endeavors to provide to its clients the most valuable and technologically-advanced products, the best suitable solutions, the most timely and flexible delivery schedule, and the most caring services.

After SAL becomes the controlling shareholder of the Company, BWI will actively study the integration of the Company's existing business with BWI's operations with a view to achieving synergy effects, such that the Company may start fresh and new.

The Company is carrying out preparatory work on the business which is disclosed in the Aftermarket Distributorship Agreement signed between the Company and BWI, which is about to be implemented. Following the launch of the aftermarket distributorship business and other projects which are under planning and evaluation gradually, the Company envisages an improvement in both its profitability and earnings.

ACKNOWLEDGEMENT

On behalf of the Company, I hereby express our gratitude to all shareholders and potential investors for your active engagement and valuable support. We would also like to invite you to witness our growth and development in 2014 and the years to come and we strongly believe that we can deliver better returns to our shareholders.

Xu Ning
Chairman

27 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is an investment holding company. During the reporting period, the Group was principally engaged in the manufacturing, sales and trading of auto parts and construction decorative hardware products in the Anhui Province, the PRC.

Facing with keen competition of the auto parts industry in China, the management will continue to adopt stringent cost control measures and to manage the Company's financial position in a prudent manner.

Group Restructuring and Resumption of Trading of Shares

Winding-up petitions and appointment of provisional liquidators

Following a number of announcements made in late December 2008, in relation to, amongst other matters, the resignation of certain Directors and group financial controller of the Company, default in payment by Norstar Automobile Industrial Holding Limited ("NAIH"), a wholly-owned subsidiary of the Company for treasury losses of approximately HK$44.0 million and a creditor's claim against the Group in the amount of RMB326.0 million, the trading in the shares of the Company has been suspended since 19 January 2009 at the request of the Company.

On 6 February 2009, a petition to wind up the Company was presented to the High Court by Madam Lilly Huang, a major shareholder of the Company, chairman of the Board and an Executive Director of the Company and subsequently replaced by Century Founders Group Limited. On the same day, a petition to wind up NAIH was also presented to the High Court by Fullitech International Limited ("Fullitech"), the immediate holding company of NAIH and a wholly-owned subsidiary of the Company.

On the same day, the High Court appointed Messrs Lai Kar Yan (Derek), Darach E. Haughey and Yeung Lui Ming (Edmund) of Deloitte Touche Tohmatsu as the joint and several provisional liquidators (the "Provisional Liquidators") of the Company and of NAIH.

Restructuring of the Group

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.

As all the revised resumption conditions of the Company have been fulfilled, the trading in the shares of the Company was resumed on 27 January 2014 and the Provisional Liquidators were released and discharged on the same date.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

On 23 January 2014, the Company received the conditional listing approval from the Stock Exchange in relation to the listing of and permission to deal in the (i) subscription shares; (ii) new shares which may be issued on exercise of the conversion rights attached to the Class B shares; and (iii) new shares which may be issued upon exercise of the subscription rights attached to the warrants. The approval is subject to the fulfillment of other conditions of the Subscription Agreement and the Senior Note dated 8 September 2010 (as supplemented by the side letter dated 15 August 2011) issued by NAIH to Omni Success Limited.

Success Arrive Limited ("SAL" or the "Investor") and its beneficial owners have no intention or plan to (i) dispose of its controlling interests in the Company within 24 months after the resumption of trading in the shares of the Company; and (ii) redeploy any fixed assets of the Group other than in the ordinary course of business of the Group.

The Company and the Investor confirm that they have no agreement, arrangement, negotiation, intention and/or plan to cause the Group to conduct business other than manufacturing, sales and trading of auto parts and construction decorative hardware products within 24 months following the resumption of trading in the shares of the Company. Notwithstanding, the Company 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, and may diversify into other businesses should suitable opportunities arise.

FINANCIAL REVIEW

Due to the change of financial year end date, this reporting period only covered nine months results of the Group. The corresponding comparative amounts shown covered twelve months period from 1 April 2012 to 31 March 2013, and therefore may not be entirely comparable with the amounts shown for the current period.

Turnover

The turnover of the Group for the nine months ended 31 December 2013 decreased by 34.74% to RMB86.58 million from RMB132.66 million for the twelve months ended 31 March 2013. The decrease is attributable to the change in the financial year end date and a reduction in sale from the manufacturing business of the Group.

Gross profit and gross profit margin

The gross profit of the Group for the nine months ended 31 December 2013 decreased by 92.97% to RMB1.90 million from RMB27.01 million for the twelve months ended 31 March 2013. The overall gross profit margin for the nine months ended 31 December 2013 significant decreased by 18.17 percentage points to 2.19% as compared to the twelve months ended 31 March 2013. Such significant decrease was mainly due to the increase in cost of raw materials, salaries and depreciation charge relative to sale due to the reduction in sale in the manufacturing business.

Administrative expenses

Administrative expenses of the Group for the nine months ended 31 December 2013 increased by 41.99% to RMB11.87 million from RMB8.36 million for the twelve months ended 31 March 2013. The increase in administrative expenses was mainly due to the increase in salary expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (continued)

Impairments of various assets

Impairments of various assets of the Group for the nine months ended 31 December 2013 mainly represented (i) the impairment of property, plant and equipment related to the auto parts segment amounted to RMB11.30 million and (ii) the impairment of certain trade and other receivables amounted to RMB2.37 million, where the Group is of the opinion that the probability to recover those receivables is remote.

Loss attributable to equity holders of the Company

For the nine months ended 31 December 2013, the Group recorded a net loss of RMB38.22 million (twelve months ended 31 March 2013: profit of RMB3.17 million), the increase of the Group's loss was mainly attributable to the combined effects of the decrease in gross profit by RMB25.11 million, the increase in administrative expenses by RMB3.51 million, the increase in restructuring costs by RMB14.14 million and the increase in impairments of various assets by RMB13.67 million.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, bank balances and cash of the Group were RMB0.28 million (31 March 2013: RMB0.16 million).

The Group's gearing ratio (measured as total borrowings over total assets) as at 31 December 2013 was 10.92% (31 March 2013: 9.1%)

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2013, the Group had approximately 557 (31 March 2013: 629) full-time employees, most of them were working in the Company's subsidiaries in the PRC. During the period under review, the total employees' cost was RMB16.25 million (twelve months ended 31 March 2013: RMB19.75 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.

PLEDGE OF ASSETS

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 NAIH Repayment Obligation as set out in note 2 to the consolidated financial statements.

CAPITAL AND OTHER COMMITMENTS

The Group and the Company had no capital commitment during the period ended 31 December 2013 (31 March 2013: Nil).

CONTINGENT LIABILITIES

The Group and the Company had the following contingent liabilities:

As at 31 December 2013 and 31 March 2013, the Company provided the corporate undertaking and Fullitech provided the corporate guarantee for a sum up to the NAIH Repayment Obligation.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

As mentioned in the "Report of the Directors", trading in the shares of the Company (the "Shares") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") had been suspended since 19 January 2009. A petition to wind up the Company was presented to the High Court of Hong Kong (the "High Court") and provisional liquidators (the "Provisional Liquidators") were appointed by the High Court to the Company on 6 February 2009. Subsequent to the restructuring, trading in the Shares has been resumed since 27 January 2014 (the "Resumption Date"). The winding up petition against the Company had been dismissed and the Provisional Liquidators had been discharged upon resumption of trading of the Shares. All the directors of the Company who held office prior to the Resumption Date resigned with effect from the Resumption Date.

Due to the financial difficulties of the Company and its subsidiaries (the "Group") before the restructuring and the prolonged suspension in trading of the Shares, the Group were 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 (the "Listing Rules") during the nine-month period from 1 April 2013 to 31 December 2013 (the "Period") under review.

Notwithstanding, the new board of directors (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 which are set out below:

BOARD OF DIRECTORS

Composition

The Board currently comprises a total of eight Directors, being two Executive Directors, three Non-executive Directors and three Independent Non-executive Directors. The list of Directors is set out in the section headed "Report of the Directors" of this annual report. In addition, an updated list of the Directors and their roles and functions is published on the websites of the Stock Exchange and the Company respectively.

The Board is characterised by significant diversity and has a balance of skills and experience appropriate for the requirements of the business of the Company. The Directors' biographical information is set out in the section headed "Directors' Biographies" of this annual report.

The Directors give sufficient time and attention to the affairs of the Company. All Directors are required to disclose to the Company at the time of their appointment and annually the number and the nature of offices held in public companies or organizations and other significant commitments with an indication of the time involved.

Save for those as disclosed in the section headed "Directors' Biographies" as set out on pages 3 to 6 of this annual report, the Board members have no other financial, business, family or other material/relevant relationships with each other.

BOARD OF DIRECTORS (continued)

Composition (continued)

The Board includes a balanced composition of Executive and Non-executive Directors (including Independent Non-executive Directors) so that there is a sufficient independent element on the Board, which can effectively exercise independent judgement.

The Non-executive Directors are of sufficient number and calibre for their views to carry weight. The functions of Non-executive Directors include:

- bringing an independent judgement at Board meetings;
- taking the lead where potential conflicts of interests arise;
- serving on Board committees if invited; and
- scrutinising the Company's performance and monitoring performance reporting.

The Non-executive Directors (including Independent Non-executive Directors) have made a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments. They give the Board and the committees on which they serve the benefit of their skills, expertise, varied backgrounds and qualifications through regular attendance and active participation.

Composition of the Board is disclosed, and the Independent Non-executive Directors are identified, in all corporate communications to shareholders.

Board diversity

In compliance with the requirement set out in new code provision A.5.6 of the CG Code, the Company adopted a board diversity policy (the "Board Diversity Policy") on the Resumption Date which sets out its approach to achieve diversity on the Board with a view to achieving a sustainable and balanced development of the Company.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into account factors based on its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Board Diversity Policy is posted on the website of the Company.

BOARD OF DIRECTORS (continued)

Role and function of the Board and the management

The Board is responsible for overall strategic formulation and performance monitoring of the Group. It delegates day-to-day operations of the Company to the Executive Committee and senior management within the control and authority framework set by the Board. In addition, the Board has also delegated various responsibilities to the Audit Committee, the Remuneration Committee and the Nomination Committee. Further details of these committees are set out in this report.

Board meetings

The Board aims at meeting regularly and holding at least four Board meetings a year. Additional meetings will be arranged, if and when required. The Directors can attend meetings in person or through electronic means of communication in accordance with the articles of association of the Company (the "Articles").

The Company Secretary assists the Chairman in drawing up the agenda of each Board meeting. Draft agenda of each regular Board meeting will be sent to all Directors for review before the agenda is issued and all Directors may request for inclusion of other matters in the agenda. The Chairman will take into account the matters proposed by the Directors and where appropriate, approve the inclusion of such matters in the agenda of the Board meeting. Generally, at least 14-day notice of a regular Board meeting is given and the Company aims at giving reasonable notice for all other Board meetings. The Company also aims at sending the agenda and the accompanying board papers, which are prepared in a form and quality sufficient to enable the Board to make informed decisions on matters placed before it, to all Directors at least 3 days before the intended date of a Board meeting. Where queries are raised by Directors, prompt and full responses will be given if possible.

There has been procedure in place to enable Directors to seek independent professional advice in appropriate circumstances at the Company's expenses. The Board shall resolve to, upon reasonable request, provide separate independent professional advice to Directors to assist them perform their duties to the Company.

The Company Secretary is responsible for taking minutes of Board meetings and Board committee meetings, draft and final versions of which would be sent to Directors for comments and records respectively, within a reasonable time after each meeting. Minutes are recorded in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views (if any) expressed. Minutes of Board meetings and Board committees meetings are kept by the Company Secretary and are open for inspection by any Director/committee member.

If a substantial shareholder or a Director has a conflict of interest in a matter (including material transaction with connected persons) which the Board has determined to be material, the matter will be dealt with by a physical Board meeting, rather than a written resolution. Independent Non-executive Directors who, and whose associates, have no material interest in the transaction should be present at that Board meeting.

Except for those circumstances permitted by the Articles and all applicable laws, rules and regulations, a Director shall not vote on any Board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting.

BOARD OF DIRECTORS (continued)

Attendance records

Based on the statutory records of the Company passed to the Board by the Provisional Liquidators, during the Period, three physical board meetings were held. Details of the directors' attendances during the Period are as follows:

	Number of meeting(s) attended/eligible to attend
Executive Directors	
Lilly Huang	1/3
Chin Chang Keng, Raymond	2/2
Independent Non-executive Director	
Choi Tat Ying, Jacky	3/3

Access to information

The Board is supplied with sufficient explanation and information by the management to enable the Board to make an informed assessment of financial and other information put before it for approval. The management provides all Board members with monthly updates which give a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details to enable the Board as a whole and each Director to discharge their duties. Where any Director requires more information than is volunteered by the management, each Director has the right to separately and independently access to the Company's senior management to make further enquiries if necessary.

Appointment and re-election of Directors

Appointment of new Directors is a matter for consideration by the Nomination Committee. The Nomination Committee will give adequate consideration to the Board Diversity Policy and review the profiles of the candidates and make recommendations to the Board on the appointment, re-appointment and nomination of Directors.

According to the Articles, any Director so appointed by the Board shall hold office, in the case of filling a casual vacancy, only until the next following general meeting of the Company or, in the case of an addition to their number, until the next following annual general meeting of the Company who shall then be eligible for re-election at such general meeting. Every Director is subject to retirement by rotation at least once every three years.

All Directors (including all Non-executive Directors) have entered into service contracts or letters of engagement with the Company for a term of not more than three years.

BOARD OF DIRECTORS (continued)

Independent Non-executive Directors

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed three Independent Non-executive Directors and one of them has appropriate professional qualifications or accounting or related financial management expertise.

Pursuant to Rule 3.10A of the Listing Rules, the number of Independent Non-executive Directors of the Company represents more than one-third of the Board.

The Company has received from each of its Independent Non-executive Directors a confirmation of independence pursuant to Rule 3.13 of the Listing Rules and the Company considers that all of the Independent Non-executive Directors are independent.

Any re-election of an independent non-executive director who has served the board for more than nine years, his/her further appointment should be subject to a separate resolution to be approved by shareholders.

Insurance for directors' and officers' liability

Appropriate insurance cover on directors' and officers' liabilities has been in force to protect the Directors and officers of the Group from their risk exposure arising from the businesses of the Group.

Directors' training and professional development

Every newly appointed Director will be given an introduction of regulatory requirements. Directors are continually updated on the latest development of the Listing Rules, legal and other regulatory requirements to ensure compliance and upkeep of good corporate governance practice. Directors are also encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company Secretary facilitates induction and professional development of Directors.

No director who held office during the Period had provided to the Company his/her records of training received during the Period.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND MANAGING DIRECTOR

The roles of Chairman and Managing Director are separate and exercised by different individuals to reinforce their independence and accountability. Mr. Xu Ning is the Chairman and Mr. Wang Zhong serves as the Managing Director of the Company. The Chairman provides leadership for the Board and ensures that the Board works effectively and performs its responsibilities. The Managing Director has overall chief executive responsibility for the Group's business development and day-to-day management generally. The division of responsibilities between the Chairman and the Managing Director is clearly established and set out in writing.

In performing the role of Chairman, Mr. Xu Ning's responsibilities include, amongst other things:

- taking primary responsibility for ensuring that good corporate governance practices and procedures are established;
- ensuring that all Directors are properly briefed on issues arising at Board meetings, and ensuring that Directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable;
- encouraging all Directors to make a full and active contribution to the Board's affairs and taking the lead to ensure that the Board acts in the best interest of the Company;
- encouraging Directors with different views to voice their concerns, allowing sufficient time for discussion of issues and ensuring that Board decisions fairly reflect Board consensus;
- ensuring that appropriate steps are taken to provide effective communications with shareholders and that their views are communicated to the Board as a whole; and
- promoting a culture of openness and debate by facilitating the effective contribution of Non-executive Directors in particular and ensuring constructive relations between Executive and Non-executive Directors.

BOARD COMMITTEES

The Board has established the following committees to oversee particular aspects of the Company's affairs and to assist in the execution of the Board's responsibilities. All committees have their own terms of reference. All resolutions passed by the committees will be reported to the Board at the next Board meeting.

Executive Committee

An Executive Committee of the Board was established on the Resumption Date with specific written terms of reference which deal clearly with its authorities and duties.

The composition of the Executive Committee is set out in the section headed "Corporate Information" of this annual report.

BOARD COMMITTEES (continued)

Executive Committee (continued)

The Executive Committee has been conferred with the general powers of the Board (except those matters specifically reserved for the Board) to manage and oversee the operations of the Group and has been assigned with the responsibilities to perform the corporate governance duties as follows:

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Group's employees and Directors;
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and
- to conform to any requirement, direction, regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation.

Audit Committee

An Audit Committee of the Board was established on the Resumption Date with specific written terms of reference which deal clearly with its authorities and duties. The terms of reference of the Audit Committee are posted on the websites of the Stock Exchange and the Company respectively.

The principal duties of the Audit Committee include, amongst other things:

- overseeing the relationship with the Company's auditor;
- reviewing the interim and annual financial statements;
- reviewing the Company's financial reporting system and internal control procedures; and
- reviewing the arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

BOARD COMMITTEES (continued)

Audit Committee (continued)

The Audit Committee has explicit authority to investigate any activity within its terms of reference and the authority to obtain outside legal or other independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. It is given access to and assistance from the employees and reasonable resources to perform its duties properly.

The chairman of the Audit Committee is an Independent Non-executive Director and the Audit Committee comprises all Independent Non-executive Directors of the Company. None of the members of the Audit Committee are former partners of the auditor of the Company. The composition of the Audit Committee is set out in the section headed "Corporate Information" of this annual report.

Nomination Committee

A Nomination Committee of the Board was established on the Resumption Date with specific written terms of reference which deal clearly with its authorities and duties. The terms of reference of the Nomination Committee are posted on the websites of the Stock Exchange and the Company respectively.

The principal duties of the Nomination Committee include:

- reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board;

- making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors;

- assessing the independence of Independent Non-executive Directors; and

- reviewing the Board Diversity Policy, as appropriate; and reviewing the measurable objectives that have been set for implementing the Board Diversity Policy, and reviewing the progress on achieving the objectives.

Where vacancies exist at the Board, candidates are proposed and put forward to the Nomination Committee for consideration. The recommendations of the Nomination Committee will then be tendered to the Board for approval. In considering the nomination of a new Director, the Nomination Committee will give adequate consideration to the Board Diversity Policy and take into account the qualification, ability, working experience, leadership and professional ethics of the candidates. In determining the independence of Directors, the Board follows the requirements set out in the Listing Rules.

BOARD COMMITTEES (continued)

Nomination Committee (continued)

The Nomination Committee has explicit authority to seek any necessary information from the employees within its scope of duties and the authority to obtain outside independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary.

The chairman of the Nomination Committee is the Chairman of the Board and the Independent Non-executive Directors of the Company constitute the majority of the Nomination Committee. The composition of the Nomination Committee is set out in the section headed "Corporate Information" of this annual report.

Remuneration Committee

A Remuneration Committee of the Board was established on the Resumption Date with specific written terms of reference which deal clearly with its authorities and duties. The terms of reference of the Remuneration Committee are posted on the websites of the Stock Exchange and the Company respectively.

The principal duties of the Remuneration Committee include:

- making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management of the Group;

- reviewing and approving the management's remuneration proposals with reference to the Company's goals and objectives;

- determining, with delegated responsibility, the remuneration packages of individual Executive Directors and senior management and making recommendations to the Board on the remuneration of Non-executive Directors;

- reviewing and approving compensation payable to Executive Directors and senior management and compensation arrangements relating to dismissal or removal of Directors for misconduct; and

- ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The Remuneration Committee may consult the Chairman of the Board and/or the Managing Director of the Company about their remuneration proposals for other Executive Directors. It has explicit authority to seek any necessary information from the employees within its scope of duties and the authority to obtain outside independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary.

BOARD COMMITTEES (continued)

Remuneration Committee (continued)

The remuneration policies for the Company as well as the Directors are market alignment and reward for performance. The Company reviews the remuneration package annually taking into consideration of the market practice, competitive market position and individual performance.

The chairman of the Remuneration Committee is an Independent Non-executive Director and the Independent Non-executive Directors of the Company constitute the majority of the Remuneration Committee. The composition of the Remuneration Committee is set out in the section headed "Corporate Information" of this annual report.

COMPANY SECRETARY

The Company Secretary was appointed with effect from the Resumption Date. The Company Secretary supports the Board by ensuring good information flow within the Board and that board policy and procedures are followed. The Company Secretary is also responsible for advising the Board through the Chairman and/or the Managing Director of the Company on corporate governance and the implementation of the CG Code. The Company Secretary is an employee of the Company and has day-to-day knowledge of the Group's affairs.

The Company Secretary reports to the Chairman and the Managing Director. All Directors also have access to the advice and services of the Company Secretary to ensure that board procedures, and all applicable laws, rules and regulations, are followed. The selection, appointment and dismissal of the Company Secretary is subject to the Board approval.

INTERNAL CONTROL

The Board is of the opinion that sound internal control systems will contribute to the effectiveness and efficiency of operations of the Group and to the safeguard of the Group's assets as well as the shareholders' investment.

The Board is responsible for overall ensuring, maintaining and overseeing the internal control systems of the Group. The Executive Committee helps the Board to discharge its responsibilities of ensuring and maintaining sound internal control functions by continuously reviewing and monitoring the internal control systems and processes so as to ensure that they can provide reasonable assurance against material errors of the Group.

The internal control system is embedded within the business processes so that it functions as an integral part of the overall operations of the Group. The system comprises a comprehensive organization structure with assignment of definite accountabilities and delegation of the corresponding authorities to each post. Based on the organization structure, a reporting system has been developed which includes a reporting system from division head of each principal business unit to the Executive Committee.

INTERNAL CONTROL (continued)

Business plan and budget are prepared by the division head of each principal business unit annually. In preparing the business plans and budgets, the management identifies and evaluates any potential risks. Measures will be put in place with an aim to ultimately manage, control or lessen such risks.

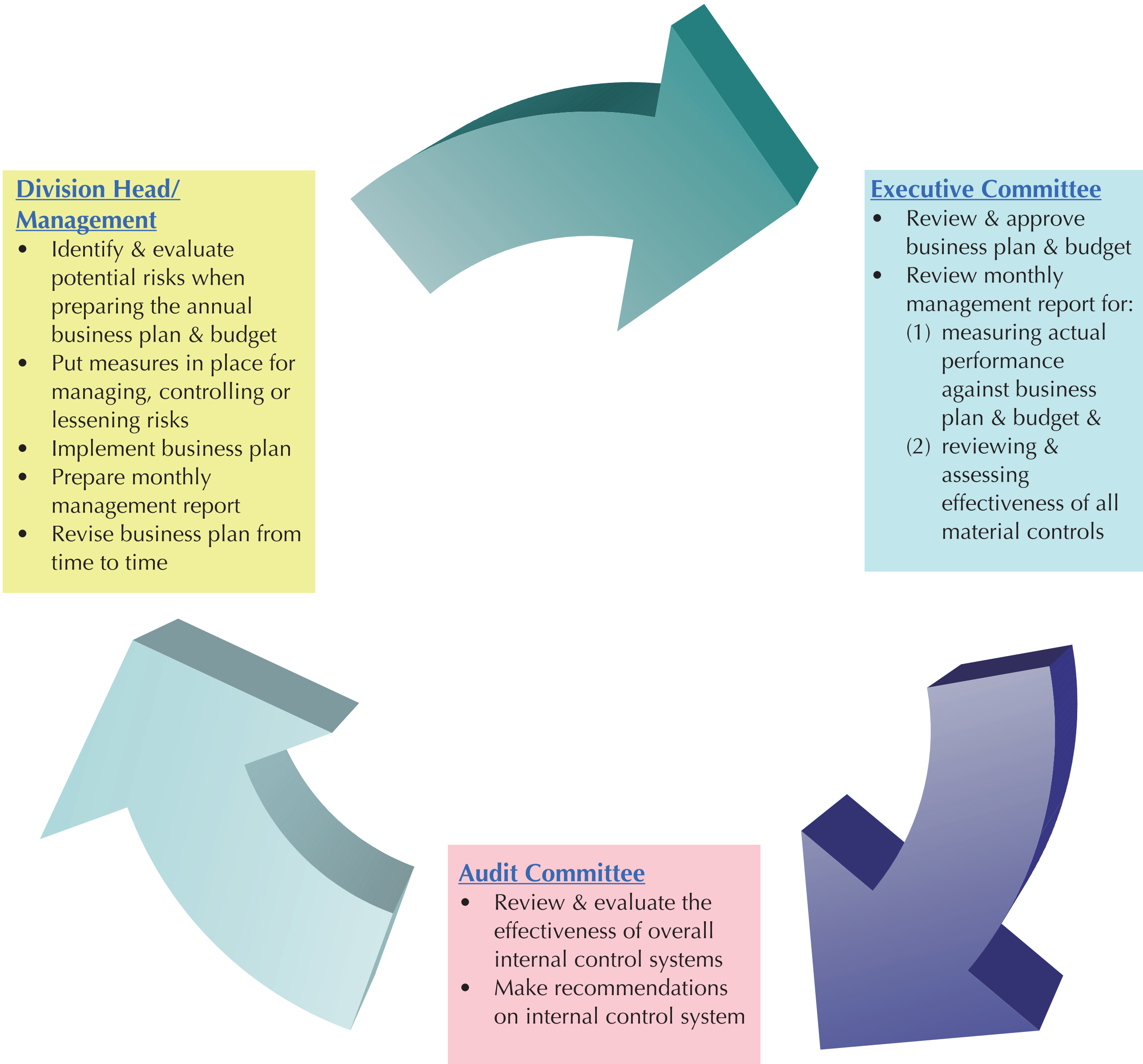
The business plans and budgets are subject to review and approval by the Executive Committee. The Executive Committee reviews monthly management report on the operational and financial results of each principal business unit and measures the actual performance of the Group against the business plan and budget concerned. In this course, the Executive Committee also reviews and assesses the effectiveness of all material controls and the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. The Executive Committee holds periodical meetings with the senior management of each principal business unit to, amongst other matters, address the issues in such controls, identify areas of improvement and put the appropriate measures in place.

The internal control system of the Group is documented and if any revision is required, such information will be submitted to the Audit Committee for evaluation.

The Audit Committee assists the Board to fulfill its oversight role over the Group's internal control function by reviewing and evaluating the effectiveness of the overall internal control systems.

INTERNAL CONTROL (continued)

Internal control system



The Board considers that it is an ongoing and continuous process for the Group to review and improve its internal control systems in order to ensure that they can meet with the dynamic and ever changing business environment.

CORPORATE GOVERNANCE REPORT

MODEL CODE FOR SECURITIES TRANSACTIONS

The Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules has been adopted by the Board as a code of conduct of the Company for Directors' securities transactions.

Employees who are likely to possess inside information in relation to the Company or its shares are required to prohibit from dealing in shares of the Company during the black-out period.

AUDITOR'S REMUNERATION

During the Period, the remuneration paid/payable to the Company's auditor is set out as follows:

Services rendered	HK$'000
Audit services	693
Non-audit services	
Review preliminary results announcement	10
Review interim financial statements	120
Provision of the unaudited pro forma financial information for the resumption proposal	220
	1,043

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing financial statements of the Group which give a true and fair view of the state of affairs of the Group on a going concern basis and in presenting the annual and interim reports and other financial disclosures required under the Listing Rules, the Directors aim to present a balanced, clear and understandable assessment of the Group's position and prospects.

The statement of the auditor of the Company about its reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 39 to 42 of this annual report.

COMMUNICATION WITH SHAREHOLDERS

On the Resumption Date, the Board adopted a Shareholders' Communication Policy reflecting the current practices of the Company for communication with its shareholders. Such policy aims at ensuring the shareholders of the Company are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable shareholders to exercise their rights in an informed manner, and to allow shareholders to engage actively with the Company.

COMMUNICATION WITH SHAREHOLDERS (continued)

To foster effective communications with the shareholders, the Company provides extensive information in its annual and interim reports and announcements. All shareholders' communications are also available on the Company's website at http://www.irasia.com/listco/hk/bwi/.

The annual general meeting of the Company provides a useful forum for shareholders to exchange views with the Board. All Directors will make an effort to attend. External auditor is also available at the annual general meeting to address shareholders' queries. In case of any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval, members of the independent Board committee will also make an effort to attend to address shareholders' queries.

Based on the statutory records of the Company passed to the Board by the Provisional Liquidators, during the Period, one extraordinary general meeting was held on 13 December 2013 (the "EGM"). Details of the directors' attendances at the EGM are as follows:

Directors	**Attendance at the EGM**
Executive Directors	
Lilly Huang	X
Chin Chang Keng, Raymond	✓
Independent Non-executive Director	
Choi Tat Ying, Jacky	X

For the EGM, the notice despatched by the Company to its shareholders for meeting held was sent at least 10 clear business days before the meeting. Separate resolutions were proposed at the EGM on each substantially separate issue, including appointment of individual Directors, and all resolutions put to the vote of the EGM were taken by way of a poll. At the EGM, the chairman of the meeting explained the procedures for conducting a poll and answered questions from shareholders on voting by poll, if any. The results of the poll were published on the websites of the Stock Exchange and the Company respectively.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Convene an extraordinary general meeting and put forward proposals at shareholders' meetings

There are no provisions under the Companies Laws, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands allowing shareholders to propose new resolutions at the general meeting.

However, pursuant to the Articles, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist himself may do so in the same manner, and all reasonable expenses incurred by the requisitionist as a result of the failure of the Board shall be reimbursed to the requisitionist by the Company.

Shareholders' enquiries

Specific enquiries or suggestions by shareholders can be sent in writing to the Board or the Company Secretary at our principal office in Hong Kong or by email to our Company. In addition, shareholders can contact Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, if they have any enquiries about their shareholdings and entitlement to dividend. Relevant contact details are set out in the section headed "Corporate Information" of this annual report.

CONSTITUTIONAL DOCUMENTS

An amended and restated memorandum and articles of the Company was adopted at the EGM during the Period.

REPORT OF THE DIRECTORS

RESUMPTION OF TRADING

Since 19 January 2009, trading in the shares of the Company (the "Shares") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") had been suspended. On 6 February 2009, a petition to wind up the Company was presented to the High Court of Hong Kong (the "High Court") and provisional liquidators (the "Provisional Liquidators") were appointed by the High Court on the same date to preserve the assets of the Company and to safeguard the interests of the Company.

During the nine months ended 31 December 2013 under review, a restructuring, which included two parts: (i) the debt restructuring; and (ii) the capital restructuring, had been carried out, details of which are set out in the circular of the Company dated 20 November 2013. Subsequent to the restructuring, trading in the Shares on the Stock Exchange has been resumed since 27 January 2014. The winding up petition against the Company had been dismissed and the Provisional Liquidators had been discharged upon resumption of trading of the Shares.

CHANGE OF COMPANY NAME AND STOCK SHORT NAME

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 has been changed to "BeijingWest Industries International Limited" from "Norstar Founders Group Limited" and the dual foreign name of the Company has been changed to "京西重工國際有限公司" from "北泰創業集團有限公司". Besides, the English stock short name of the Company for trading in the Shares on the Stock Exchange has been changed to "BWI INT'L" from "NORSTAR" while its Chinese stock short name has been changed to "京西國際" from "北泰" with effect from 4 March 2014.

CHANGE OF FINANCIAL YEAR END DATE

As announced by the Company on 27 January 2014, in order to facilitate the preparation of the consolidated financial statements of the Company, the board of directors of the Company (the "Board") has resolved to change the financial year end date of the Company from 31 March to 31 December. Accordingly, this report and the accompanying audited consolidated financial statements of the Company and its subsidiaries (the "Group") cover a nine-month period from 1 April 2013 to 31 December 2013 (the "Period") while the corresponding comparative figures cover a twelve-month period from 1 April 2012 to 31 March 2013.

The Directors herein present their report and the audited consolidated financial statements of the Group for the Period.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries and associate are set out in notes 35 and 17 to the consolidated financial statements.

REPORT OF THE DIRECTORS

RESULTS

The results of the Group for the nine months ended 31 December 2013 and the state of affairs of the Group at that date are set out in the financial statements on pages 43 to 95 of this annual report.

The Board does not recommend the payment of any dividend in respect of the Period (for the financial year ended 31 March 2013: Nil).

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years/ period is set out on page 96 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Period are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Period are set out in note 27 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the Period are set out in the Consolidated Statement of Changes in Equity on page 45 of this annual report and in note 29 to the consolidated financial statements, respectively.

DONATION

No charitable donation was made by the Group during the Period (for the financial year ended 31 March 2013: Nil).

REPORT OF THE DIRECTORS

DIRECTORS

The Directors of the Company during the Period and up to the date of this report were as follows:

Executive Directors

Mr. Wang Zhong *(Managing Director)*	*(appointed with effect from 27 January 2014)*
Mr. Li Shaofeng	*(appointed with effect from 27 January 2014)*
Madam Lilly Huang	*(resigned with effect from 27 January 2014)*
Mr. Chin Chang Keng, Raymond	*(appointed with effect from 13 September 2013 and resigned with effect from 27 January 2014)*

Non-executive Directors

Mr. Xu Ning *(Chairman)*	*(appointed with effect from 27 January 2014)*
Mr. Zhang Yaochun	*(appointed with effect from 27 January 2014)*
Mr. Craig Allen Diem	*(appointed with effect from 27 January 2014)*

Independent Non-executive Directors

Mr. Tam King Ching, Kenny	*(appointed with effect from 27 January 2014)*
Mr. Leung Kai Cheung	*(appointed with effect from 27 January 2014)*
Mr. Yip Kin Man, Raymond	*(appointed with effect from 27 January 2014)*
Mr. Choi Tat Ying, Jacky	*(resigned with effect from 20 January 2014)*

In accordance with clause 84 of the Company's articles of association, Mr. Li Shaofeng, Mr. Zhang Yaochun and Mr. Craig Allen Diem will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

In accordance with clause 83(3) of the Company's articles of association, Mr. Tam King Ching, Kenny, Mr. Leung Kai Cheung and Mr. Yip Kin Man, Raymond will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Trading in the Shares was suspended throughout the Period. The Provisional Liquidators confirmed that, during the Period, no register required to be kept under Section 352 of the Securities and Futures Ordinance (the "SFO") had been created or maintained, and no Directors or chief executives of the Company had interests which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). According to the information made available from the website of the Stock Exchange, the Directors of the Company who held office as at 31 December 2013 had the following interests in the shares and underlying shares of the Company as at 31 December 2013:

Long positions in the shares and underlying shares of the Company

Name of Director	Capacity in which interests were held	Number of shares/underlying shares in the Company: Interests in shares*	Derivative interests*	Total interests*	Total interests as to % of the issued share capital of the Company as at 31.12.2013
Madam Lilly Huang *(Note)*	Interest of a controlled corporation	120,000,000	–	120,000,000	47.64%

* The number of shares had been adjusted pursuant to the capital restructuring carried out during the Period.

Note: The shares Madam Lilly Huang was interested in were held by Century Founders Group Limited ("Century Founders") in which Madam Lilly Huang owned as to 52%. The interest held by Century Founders is disclosed under the section headed "Interests and Short Positions of Shareholders Discloseable under the SFO". Madam Lilly Huang resigned as an Executive Director of the Company with effect from 27 January 2014.

Save as disclosed above, to the best knowledge of the Directors, as at 31 December 2013, none of the Company's Directors, chief executives or their respective associates had any other personal, family, corporate and other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

REPORT OF THE DIRECTORS

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" herein, at no time during the Period was the Company or any of its subsidiaries a party to any arrangement to enable the Company's Directors or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Period or at any time during the Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors who held office during the Period or their respective associates had reported any interest in any business, apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the Group's businesses, other than those businesses where the Directors were appointed as directors to represent the interests of the Group.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

Trading in the Shares was suspended throughout the Period. The Provisional Liquidators confirmed that no register required to be kept under Section 336 of the SFO had been created or maintained during the Period.

Notwithstanding, according to the information made available from the website of the Stock Exchange, as at 31 December 2013, the following companies and persons (other than the Directors and chief executives of the Company) had interests in the shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long positions in the shares/underlying shares of the Company

Name of shareholder	Capacity in which interests were held	Number of shares/ underlying shares*	Interests as to % of the issued share capital of the Company as at 31.12.2013	*Notes*
Success Arrive Limited ("SAL")	Beneficial owner	1,763,246,241	700%	*1*
BWI Company Limited ("BWI HK")	Interest of a controlled corporation	1,763,246,241	700%	*1*

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO (continued)

Long positions in the shares/underlying shares of the Company (continued)

Name of shareholder	Capacity in which interests were held	Number of shares/ underlying shares*	Interests as to % of the issued share capital of the Company as at 31.12.2013	*Notes*
北京京西重工有限公司 (BeijingWest Industries Co., Ltd.)# ("BWI")	Interests of controlled corporations	1,763,246,241	700%	*1*
北京房山國有資產經營有限責任公司 (Beijing Fangshan State-owned Assets Co. Ltd.)# ("Beijing Fangshan")	Interests of controlled corporations	1,763,246,241	700%	*1*
首鋼總公司 (Shougang Corporation)	Interests of controlled corporations	1,763,246,241	700%	*1*
Novel Triumph Limited ("Novel Triumph")	Beneficial owner	100,756,928	40%	*2*
Mr. Lau Ching Kei ("Mr. Lau")	Interest of a controlled corporation	100,756,928	40%	*2*
Century Founders	Beneficial owner	120,000,000	47.64%	*3*
Mark Up Investments Limited ("Mark Up")	Beneficial owner and interest of a controlled corporation	129,000,000	51.21%	*3*
Mr. Zhou Tian Bao ("Mr. Zhou")	Beneficial owner and interests of controlled corporations	130,766,400	51.91%	*3*
UBS AG	Person having a security interest in shares and interest of a controlled corporation	22,863,740	9.08%	
Sansar Capital Management, LLC	Investment manager	35,270,000	14.00%	
Sansar Capital Master Fund, LLP	Beneficial owner	27,746,960	11.02%	

For identification purpose only

REPORT OF THE DIRECTORS

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO (continued)

Long positions in the shares/underlying shares of the Company (continued)

Notes:

* For consistency, the number of shares had been adjusted pursuant to the capital restructuring carried out during the Period.

1. SAL indicated in its disclosure form dated 4 June 2013 (being the latest disclosure form filed up to 31 December 2013) that its interests included derivative interests in 585,546,241 Shares. SAL was wholly owned by BWI HK which in turn was wholly owned by BWI. BWI was held as to 51% by Shougang Corporation and as to 49% by Beijing Fangshan. Accordingly, the interests held by SAL, BWI HK, BWI, Shougang Corporation and Beijing Fangshan were the same block of Shares and derivative interests.

2. Novel Triumph indicated in its disclosure form dated 21 November 2013 (being the latest disclosure form filed up to 31 December 2013) that its interests are derivative interests. As Novel Triumph was wholly owned by Mr. Lau, the interests held by Novel Triumph and Mr. Lau were the same block of interests.

3. The interests of Century Founders were included in the interests held by Madam Lilly Huang as disclosed under the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above and in the interests held by Mark Up.

   Mark Up indicated in its disclosure form dated 21 December 2007 (being the latest disclosure form filed up to 31 December 2013) that its interests included 120,000,000 Shares (as adjusted) held by Century Founders which in turn was held as to 48% by Mark Up.

   Mr. Zhou indicated in his disclosure form dated 21 December 2007 (being the latest disclosure form filed up to 31 December 2013) that his interests included (i) 9,000,000 Shares (as adjusted) directly held by Mark Up; and (ii) 120,000,000 Shares (as adjusted) directly held by Century Founders.

Save as disclosed above, and to the best knowledge of the Directors, as at 31 December 2013, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position in the shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

PUBLIC FLOAT

During the Period ended 31 December 2013, the trading in the Shares remained in suspension, the sufficiency of public float as required under the Listing Rules is not applicable.

Trading in the Shares has been resumed on the Stock Exchange with effect from 27 January 2014. Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, there is a sufficiency of public float of the Company's securities as required under the Listing Rules as at the date of this annual report.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 4 September 2003 which would be valid for a period of ten years. The Scheme was expired on 4 September 2013. No share option was granted and all outstanding share options were lapsed in accordance with the terms of the Scheme during the Period.

Details of movements in the share options under the Scheme during the Period are set out in note 28 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

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 or otherwise) during the Period.

MAJOR CUSTOMERS AND SUPPLIERS

During the Period under review, sales to the Group's five largest customers accounted for approximately 66.56% of the total sales for the Period and sales to the largest customer included therein amounted to approximately 19.20%. Purchases from the Group's five largest suppliers accounted for approximately 60.96% of the total purchases for the Period and purchases from the largest supplier included therein amounted to approximately 28.44%.

CONTINUING CONNECTED TRANSACTIONS

The following continuing connected transactions were recorded during the Period and up to the date of this annual report:

(a) Independent Aftermarket Distributorship Agreement

An independent aftermarket distributorship agreement (the "IAD Agreement") was entered into among the Provisional Liquidators, the Company and 北京京西重工有限公司 (BeijingWest Industries Co., Ltd.) ("BWI") on 13 November 2013 for the initial term commencing from 13 November 2013 and ending on 31 March 2016.

Pursuant to the IAD Agreement, BWI appoints the Company as non-exclusive distributor for certain specified chassis, suspension and brake products (the "Products"). BWI may supply the Products directly or through its subsidiaries (BWI and its subsidiaries, the "BWI Group") and the Company may with the prior written agreement of BWI appoint its subsidiaries as sub-distributors for the Products.

Under the IAD Agreement, the Company and the approved sub-distributors shall be entitled to purchase the Products from the BWI Group for the sole purpose of reselling the Products (based on prices agreed between BWI and the Company) to independent third party customers of the BWI Group who are currently purchasing the Products directly from the BWI Group in the independent aftermarket and OEM sector in Europe, or to new independent third party customers introduced by the BWI Group who are not currently clients of the BWI Group.

Each transaction under the IAD Agreement shall be entered into at arm's length or on terms no less favourable to the Company and the approved sub-distributors than terms that may be made available to or from independent third parties.

The annual cap amounts under the initial term of the IAD Agreement are as follows:

From 13 November 2013 to 31 March 2014	From 1 April 2014 to 31 March 2015	From 1 April 2015 to 31 March 2016
RMB10,000,000	RMB50,000,000	RMB60,000,000

The transactions under the IAD Agreement will ensure that the Group can as soon as possible develop and expand its current scale business within the autopart industry and provide the Group an opportunity to directly access the important automotive parts sector of the European Union. The transactions will help strengthen the Group's ability to carry out a stable and sustainable business operation in the interests of the shareholders of the Company as a whole.

Details of the IAD Agreement were disclosed in the announcement of the Company dated 13 November 2013 and in the circular of the Company dated 20 November 2013. The IAD Agreement was approved, confirmed and ratified by the independent shareholders of the Company on 13 December 2013.

CONTINUING CONNECTED TRANSACTIONS (continued)

(a) Independent Aftermarket Distributorship Agreement (continued)

As BWI only becomes a connected person of the Company since 23 January 2014, the transactions under the IAD Agreement carried out during the Period, if any, would not constitute connected transactions for the Company.

(b) Friction Material and Stamped Parts Purchase Agreement

A friction material and stamped parts purchase agreement (the "FMSP Agreement") was entered into among the Provisional Liquidators, the Company and 京西重工(上海)有限公司 (BWI (Shanghai) Co., Ltd.) ("BWI Shanghai") on 13 November 2013 for the initial term commencing from 13 November 2013 and ending on 31 March 2016.

Pursuant to the FMSP Agreement, brake shoes, friction materials, braking systems, ball joints, shock absorbers, moulds and stamped parts are to be supplied by the Company through its subsidiary 北泰汽車底盤系統(安徽)有限公司 (Norstar Automotive Chassis System (Anhui) Inc.) ("Norstar Chassis") to BWI Shanghai.

Each transaction under the FMSP Agreement shall be entered into at arm's length or on terms no less favourable to the Company and Norstar Chassis than terms that may be made available to or from independent third parties.

The annual cap amounts under the initial term of the FMSP Agreement are as follows:

From 13 November 2013 to 31 March 2014	From 1 April 2014 to 31 March 2015	From 1 April 2015 to 31 March 2016
RMB7,500,000	RMB30,000,000	RMB30,000,000

The transactions under the FMSP Agreement are a continuation of the already established purchasing and supplying business between BWI Shanghai and the Company. To some extent, the transactions will help strengthen the Group's ability to carry out a stable and sustainable business operation in the interests of the shareholders of the Company as a whole.

Details of the FMSP Agreement were disclosed in the announcement of the Company dated 13 November 2013 and in the circular of the Company dated 20 November 2013. The FMSP Agreement was approved, confirmed and ratified by the independent shareholders of the Company on 13 December 2013.

As BWI Shanghai only becomes a connected person of the Company with effect from 23 January 2014, the transactions under the FMSP Agreement carried out during the Period, if any, would not constitute connected transactions for the Company.

CONTINUING CONNECTED TRANSACTIONS (continued)

As regards the transactions set out in note 34 to the consolidated financial statements under the heading of "Related Party Transactions", save for the remuneration of the Directors as set out in note 34 was connected transactions which was exempt from any disclosure and shareholders' approval requirements under the Listing Rules, other transactions did not constitute connected transactions of the Company under the Listing Rules.

CORPORATE GOVERNANCE

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 13 to 27 of this annual report.

EVENTS AFTER THE REPORTING DATE

Details of significant events occurring after the reporting date are set out in notes 1, 2, 24 and 25 to the consolidated financial statements.

AUDITOR

SHINEWING (HK) CPA Limited, the auditor of the Company for the year ended 31 March 2011, resigned on 19 August 2013. ZHONGHUI ANDA CPA Limited ("ZHONGHUI ANDA") was appointed as auditor of the Company on 28 August 2013.

The accompanying consolidated financial statements have been audited by ZHONGHUI ANDA, who will retire at the forthcoming annual general meeting. A resolution will be submitted to the forthcoming annual general meeting to re-appoint ZHONGHUI ANDA as auditor of the Company.

By Order of the Board
Wang Zhong
Managing Director

Hong Kong, 27 March 2014

INDEPENDENT AUDITOR'S REPORT

中汇
ZHONGHUI

TO THE SHAREHOLDERS OF BEIJINGWEST INDUSTRIES INTERNATIONAL LIMITED

(formerly known as Norstar Founders Group Limited)

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of BeijingWest Industries International Limited (formerly known as Norstar Founders Group Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 43 to 95, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period from 1 April 2013 to 31 December 2013, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company (the "Directors") are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

INDEPENDENT AUDITOR'S REPORT

BASIS FOR QUALIFIED OPINION

1. Corporate undertaking and guarantees

The Company and Fullitech International Limited, a wholly-owned subsidiary of the Company, had given the corporate undertaking and guarantees with the principal amount of HK$1,381,000,000 (equivalent to approximately RMB1,088,000,000) (31 March 2013: HK$1,381,000,000 (equivalent to approximately RMB1,115,000,000)) together with the related interest thereon (to be calculated at 3-month HIBOR + 1.05% on the principal amount) to a special purpose company established pursuant to the scheme of arrangement (the "NAIH Scheme") of Norstar Automobile Industrial Holding Limited, a wholly-owned subsidiary of the Company ("NAIH"). These corporate undertaking and guarantees are disclosed as contingent liabilities and are not recognised in the consolidated financial statements. Hong Kong Accounting Standard ("HKAS") 39 "Financial Instruments: Recognition and Measurement" requires a financial guarantee contract be recognised initially at its fair value and subsequently, at the higher of (i) the amount determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue".

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to and there are no other satisfactory audit procedures that we could adopt to determine whether the respective corporate undertaking and guarantees are fairly stated as at 31 December 2013 and 31 March 2013. Further details and subsequent development of which are explained in note 2 to the consolidated financial statements.

2. Share of results of the associate/Amount due from an associate/Amount due to an associate

2.1 Share of results of the associate

No sufficient evidence has been received by us up to the date of this report to verify the financial information of the Group's associate, Profound Global Limited ("Profound"). Accordingly, we have not been able to verify whether the Group's share of results of Profound group for the period from 1 April 2013 to 31 December 2013 and for the year ended 31 March 2013 and the related note disclosures as included in the consolidated financial statements were fairly presented.

2.2 Amount due from an associate

As stated in note 20 to the consolidated financial statements, the Group had an amount due from an associate, one of the subsidiary of Profound, of approximately RMB9,625,000 as at 31 December 2013 (31 March 2013: approximately RMB9,582,000). We have not been able to obtain direct audit confirmation in respect of the aforesaid balance and no sufficient evidence has been provided to satisfy ourselves as to the completeness and existence of the aforesaid balance. No subsequent settlement in respect of such amount was noted up to the date of this report and no impairment loss had been made in respect of such amount. We have not been able to obtain sufficient evidence to evaluate the recoverability of such amount. There were no other satisfactory audit procedures that we could perform to satisfy ourselves that the amount due from an associate was fairly stated as at 31 December 2013 and 31 March 2013.

BASIS FOR QUALIFIED OPINION (continued)

2. Share of results of the associate/Amount due from an associate/Amount due to an associate (continued)

2.3 Amount due to an associate

The Group had an amount due to an associate, one of the subsidiary of Profound, of approximately RMB6,929,000 as at 31 December 2013 (31 March 2013: approximately RMB6,957,000). We have not been able to obtain direct audit confirmation in respect of the aforesaid balance and no sufficient evidence has been provided to satisfy ourselves as to the completeness and existence of the aforesaid balance. There were no other satisfactory audit procedures that we could perform to satisfy ourselves as to whether the aforesaid balance was fairly stated as at 31 December 2013 and 31 March 2013.

3. Obligations under finance leases

As stated in note 24 to the consolidated financial statements, the Group had obligations under financial leases of approximately RMB25,328,000 as at 31 December 2013 (31 March 2013: approximately RMB25,961,000). We have not been able to obtain direct audit confirmation in respect of the aforesaid balance and no sufficient evidence has been provided to satisfy ourselves as to the completeness and existence of the aforesaid balance. There were no other satisfactory audit procedures that we could perform to satisfy ourselves as to whether the aforesaid balance was fairly stated as at 31 December 2013 and 31 March 2013.

4. Related party transactions and balances

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of the related party transactions for the period from 1 April 2013 to 31 December 2013 and for the year ended 31 March 2013 and the balances as at 31 December 2013 and 31 March 2013 as required by Hong Kong Accounting Standard 24 "Related Party Disclosures".

Any adjustments that are found necessary in relation to matters as described in points 1 to 4 above might have a significant consequential effect on the Group's results and cash flows for the period from 1 April 2013 to 31 December 2013 and for the year ended 31 March 2013 and the financial positions of the Group as at 31 December 2013 and 31 March 2013, and the related disclosures thereof in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

QUALIFIED OPINION

In our opinion, except for the possible effects of the matters as described in the basis for qualified opinion paragraphs, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2013 and of the results and cash flows of the Group for the period from 1 April 2013 to 31 December 2013 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.

EMPHASIS OF MATTER – THE GOING CONCERN BASIS

Without further qualifying our opinion, we draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss of approximately RMB38,218,000 for the period from 1 April 2013 to 31 December 2013 and as at 31 December 2013, the Group had net current liabilities and net liabilities of approximately RMB467,662,000 and approximately RMB389,606,000 respectively. The consolidated financial statements have been prepared on a going concern basis, the validity of which bases on the improved financial position of the Group, subsequent to the end of the reporting period, upon successful implementation of the measures as further detailed in note 2 to the consolidated financial statements.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

Pang Hon Chung
Practising Certificate Number P05988
Hong Kong, 27 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 1 April 2013 to 31 December 2013

	Notes	**For the nine months ended 31 December 2013 RMB'000**	For the twelve months ended 31 March 2013 RMB'000
Turnover	7	**86,578**	132,664
Cost of inventories sold		**(84,682)**	(105,656)
Gross profit		**1,896**	27,008
Other income	8	**11,806**	3,074
Distribution and selling expenses		**(4,222)**	(4,922)
Administrative expenses		**(11,868)**	(8,359)
Restructuring costs incurred for the period		**(15,700)**	(1,556)
Impairments of various assets	12	**(13,677)**	–
(Loss)/profit from operations		**(31,765)**	15,245
Finance costs	10	**(6,453)**	(8,493)
(Loss)/profit before tax		**(38,218)**	6,752
Income tax	11	**–**	(3,586)
(Loss)/profit and total comprehensive (loss)/ income for the period/year attributable to equity holders of the Company	12	**(38,218)**	3,166
(Loss)/earnings per share	15		
Basic and diluted *(RMB cents per share)*		**(15.17)**	1.26

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	At 31 December 2013 RMB'000	At 31 March 2013 RMB'000
Non-current assets			
Property, plant and equipment	16	**78,016**	69,026
Interest in an associate	17	**–**	–
		78,016	69,026
Current assets			
Inventories	18	**20,974**	27,820
Trade and other receivables	19	**54,639**	84,881
Amount due from an associate	20	**9,625**	9,582
Bank and cash balances	21	**284**	162
Current tax assets		**–**	14
		85,522	122,459
Current liabilities			
Trade and other payables	22	**98,291**	82,363
Amounts due to the Schemes	23	**378,883**	384,115
Amounts due to an associate	20	**6,929**	6,957
Obligations under finance leases	24	**25,328**	25,961
Senior note	25	**12,364**	12,542
Borrowings	26	**17,855**	17,423
Tax payables		**13,494**	13,512
		553,144	542,873
Net current liabilities		**(467,622)**	(420,414)
NET LIABILITIES		**(389,606)**	(351,388)
Capital and reserves			
Share capital	27	**2,225**	111,248
Reserves	29(a)	**(391,831)**	(462,636)
TOTAL EQUITY		**(389,606)**	(351,388)

The consolidated financial statements on pages 43 to 95 were approved and authorised for issue by the board of directors on 27 March 2014 and are signed on its behalf by:

Wang Zhong
Director

Li Shaofeng
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 April 2013 to 31 December 2013

	Share capital RMB'000	Share premium RMB'000	Foreign currency translation reserve RMB'000	Share option reserve RMB'000	Merger reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 April 2012	111,248	1,462,047	74,085	7,967	(249,433)	(1,760,468)	(354,554)
Total comprehensive income for the year	–	–	–	–	–	3,166	3,166
At 31 March 2013	111,248	1,462,047	74,085	7,967	(249,433)	(1,757,302)	(351,388)
At 1 April 2013	111,248	1,462,047	74,085	7,967	(249,433)	(1,757,302)	(351,388)
Share options lapsed	–	–	–	(7,967)	–	7,967	–
Capital reduction	(109,023)	–	–	–	–	109,023	–
Total comprehensive loss for the period	–	–	–	–	–	(38,218)	(38,218)
At 31 December 2013	**2,225**	**1,462,047**	**74,085**	**–**	**(249,433)**	**(1,678,530)**	**(389,606)**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 1 April 2013 to 31 December 2013

	For the nine months ended 31 December 2013 RMB'000	For the twelve months ended 31 March 2013 RMB'000
Cash flows from operating activities		
(Loss)/profit before tax	**(38,218)**	6,752
Adjustments for:		
Exchange gains	**(11,679)**	(2,894)
Depreciation	**7,617**	5,362
Interest income	**(1)**	(3)
Impairment of property, plant and equipment	**11,303**	–
Impairment of trade and other receivables	**2,374**	–
Impairment of inventories	**810**	350
Finance costs	**6,453**	8,493
Operating cash flows before working capital changes	**(21,341)**	18,060
Change in inventories	**6,036**	(3,767)
Change in trade and other receivables	**30,537**	33,634
Advance to an associate	**(43)**	–
Change in trade and other payables	**13,618**	(21,555)
Cash generated from operations	**28,807**	26,372
Interest received	**1**	3
Tax paid	**(4)**	(7)
Net cash generated from operating activities	**28,804**	26,368
Cash flows from investing activities		
Purchase of property, plant and equipment	**(27,910)**	(33,804)
Net cash used in investing activities	**(27,910)**	(33,804)
Cash flows from financing activities		
New borrowings raised	**33,678**	38,314
Advance from an associate	**–**	250
Repayment of borrowings	**(33,246)**	(30,961)
Interest paid	**(1,204)**	(1,489)
Net cash (used in)/generated from financing activities	**(772)**	6,114
Net increase/(decrease) in cash and cash equivalents	**122**	(1,322)
Cash and cash equivalents at beginning of period/year	**162**	1,484
Cash and cash equivalents at end of period/year	**284**	162
Analysis of cash and cash equivalents		
Bank and cash balances	**284**	162

1. GENERAL INFORMATION

BeijingWest Industries International Limited (formerly known as Norstar Founders Group Limited) ("the Company" or "NFG") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office and principal place of business in Hong Kong are disclosed in the section headed "Corporate Information" of this annual report. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and trading in the shares of the Company had been suspended since 19 January 2009 and has been resumed on 27 January 2014.

The Company is an investment holding company. During the period, the Company and its subsidiaries (collectively "the Group") were principally engaged in manufacturing, sale and trading of auto parts and construction decorative hardware products. The principal activities of the Company's subsidiaries are set out in note 35 to the consolidated financial statements.

On 31 May 2013, a subscription agreement (the "Subscription Agreement") was entered into by Success Arrive Limited ("SAL" or the "Investor"), the provisional liquidators (the "Provisional Liquidators") and the Company in respect of the restructuring of the Company, including, among other things, the capital restructuring, the issuance of subscription shares and the issuance of class B shares (the "Transactions"). Upon completion of the Transactions on 23 January 2014, the holding company of the Company has been changed to SAL. SAL is a limited liability company incorporated in the British Virgin Islands (the "BVI") and is wholly-owned by BWI Company Limited ("BWI HK") which in turn is wholly-owned by BeijingWest Industries Co., Ltd. ("BWI"). BWI is held as to 55.45% by Shougang Corporation, which is the ultimate holding company. Further details of the Subscription Agreement were disclosed in the Company's circular dated 20 November 2013.

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 has been changed to "BeijingWest Industries International Limited" from "Norstar Founders Group Limited" and the dual foreign name of the Company has been changed to "京西重工國際有限公司" from "北泰創業集團有限公司". The English stock short name of the Company for trading in its shares on the Stock Exchange has been changed to "BWI INT'L" from "NORSTAR" while its Chinese stock short name has been changed to "京西國際" from "北泰" with effect from 4 March 2014.

2. BASIS OF PREPARATION

Change of financial year end date

On 27 January 2014, the board of directors of the Company has resolved to change the financial year end date of the Company and the Group from 31 March to 31 December. Accordingly, the consolidated financial statements for the current period cover a nine-month period from 1 April 2013 to 31 December 2013. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a twelve-month period from 1 April 2012 to 31 March 2013 and therefore may not be comparable with amounts shown for the current period.

Suspension of trading in the shares of the Company and Completion of the Group's proposed restructuring

Since 19 January 2009, trading in the shares of the Company on the Stock Exchange had been suspended. On 6 February 2009, a petition to wind up the Company was presented to the High Court of Hong Kong (the "High Court") and the Provisional Liquidators were appointed by the High Court on the same date to preserve the assets of the Company and to safeguard the interests of the Company. Further historical background of the proposed restructuring of the Group are set out on pages 28 to 36 of the annual report of the Company for the financial year ended 31 March 2013.

During the period from 1 April 2013 to 31 December 2013, the Group's proposed restructuring had been carried out, mainly comprising (i) the debt restructuring and (ii) the capital restructuring. Details of progress were set out in the circular of the Company dated 20 November 2013.

On 20 November 2013, the Company published and despatched to the Company's shareholders a circular relating to the restructuring and the convening of an extraordinary general meeting on 13 December 2013 to approve (1) debt restructuring; (2) proposed capital restructuring; (3) proposed issuance of subscription shares; (4) proposed issuance of class B shares; (5) proposed issuance of warrants; (6) application for whitewash waiver; (7) proposed adoption of amended and restated memorandum and articles; (8) appointment of directors; (9) change of company name; and (10) continuing connected transactions. All those resolutions were duly passed by the shareholders by way of poll and the poll results of the meeting were published on the same day. Details of which are set out in the announcement of the Company dated 13 December 2013.

Certain supplementary proposals of the Schemes were approved by the requisite majority of Scheme Creditors at the meeting of Scheme Creditors on 23 November 2013. Upon completion of the transactions contemplated under the Subscription Agreement (the "Completion"), all the repayment obligations including the NFG Repayment Obligation, amounts due to NAIH Scheme and amounts due to NFG Scheme shall be fully discharged and accordingly all financial obligations/claims made against NFG and NAIH shall be fully discharged. Further details of which are described in the Company's announcements dated 13 September 2013, 20 November 2013 and 25 November 2013 (the "Announcements"). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

2. BASIS OF PREPARATION (continued)

Suspension of trading in the shares of the Company and Completion of the Group's proposed restructuring (continued)

Subsequent to the end of the reporting period, 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.

In relation to the completion of the Group's proposed restructuring, including but not limited to, the following key elements (the "Key Elements") were executed by the Company:

(a) issuance of 1,555,538,480 Subscription Shares on 23 January 2014 to the Investor at the subscription price of HK$0.1168 per Subscription Share with the par value of HK$0.01 each (note 27);

(b) issuance of 585,546,241 Class B Shares on 23 January 2014 to the Investor at the subscription price of HK$0.1168 per Class B Share with the par value of HK$0.01 each (note 27);

(c) issuance of 125,946,160 Warrants (one unit of Warrant carrying the right to subscribe for one whole new ordinary share) on 23 January 2014 to the Subscriber Shareholders in which 100,756,928 Warrants were exercised on 27 January 2014 and the remaining 25,189,232 Warrants were exercised on 24 February 2014, at the exercise price of HK$0.1168 per Warrant with the underlying shares at par value of HK$0.01 each (note 27);

(d) subsequent settlement of the senior note on 24 January 2014 (note 25);

(e) settlement of NFG Repayment Obligation, the waiver of amounts due to NAIH Scheme and amounts due to NFG Scheme (note 23);

(f) payment of accrued professional fees for the restructuring; and

(g) release of corporate undertaking and guarantees with the principal amount of HK$1,381,000,000 (equivalent to approximately RMB1,088,000,000) together with the related interest.

As all the Revised Resumption Conditions have been fulfilled on 23 January 2014, the trading in the shares of the Company on the Stock Exchange has been resumed on 27 January 2014. Details of which are set out in the Company's announcements dated 24 January 2014 and 27 January 2014 respectively.

2. BASIS OF PREPARATION (continued)

Going concern

The Group incurred a loss of approximately RMB38,218,000 for the period from 1 April 2013 to 31 December 2013 and as at 31 December 2013, the Group had net current liabilities of approximately RMB467,622,000 (31 March 2013: RMB420,414,000) and net liabilities of approximately RMB389,606,000 (31 March 2013: RMB351,388,000) respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. In view of these circumstances, the directors of the Company (the "Directors") have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

The consolidated financial statements have been prepared on a going concern basis. In the opinion of the Directors, the Group should be able to continue as a going concern in the coming years taking into consideration of the completion of the Group's proposed restructuring and various measures to improve its financial performance and position which include, but not limited to, the following:

(a) On the successful implementation of the proposed restructuring of the Group and successful resumption of trading in the shares of the Company on the Stock Exchange, an estimated net gain on debt restructuring shall be recognised in the consolidated statement of profit or loss and other comprehensive income for the year ending 31 December 2014 and shall turn the financial position of the Group to be positive upon the execution of the Key Elements;

(b) The intermediate holding company of the Company has agreed to provide financial support to the Group to meet all the Group's financial obligations to the extent to enable the Group to meet those obligations and to sustain the Group's ability to continue as a going concern in the foreseeable future; and

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

Based on the aforesaid factors, the Directors are satisfied that the Group will have sufficient financial resources to the Group to meet all the Group's financial obligations to the extent to enable the Group to meet those obligations and to sustain the Group's ability to continue as a going concern in the foreseeable future, the validity of which depends upon the implementation of the measures mentioned above, at a level sufficient to finance the working capital requirements of the Group. Accordingly, the Directors are of the opinion that it is appropriate to prepare these consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to these consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting period beginning on 1 April 2013. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

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

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention. The functional currencies of the Company and its major operating subsidiaries is Renminbi ("RMB"). For the purpose of presenting the consolidated financial statements, the Group adopted RMB as its presentation currency.

The preparation of financial statements in conformity with HKFRSs requires the use of key assumptions and estimates. It also requires management to exercise its judgments in the process of applying the accounting policies. The areas involving critical judgments and areas where assumptions and estimates are significant to these financial statements are disclosed in note 5 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi, which is the Company's presentation currency and the functional currency of the principal operating subsidiaries of the Group.

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

(c) Translation on consolidation (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Plant and machinery	5-10 years
Office equipment and fixtures	10 years
Motor vehicles	10 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Operating leases

Leases that do not substantially transfer all the risks and rewards of ownership of assets to the Group are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

– the amount of the obligations under the contracts, as determined in accordance with Hong Kong Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

– the amount initially recognised less cumulative amortisation recognised in profit or loss on a straight-line basis over the terms of the guarantee contracts.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

(a) Revenues from the trading and sales of manufactured goods is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers; and

(b) Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the at the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged in profit or loss represents contributions payable by the Group to the funds.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Equity-settled share-based payments transactions

The Group issues equity-settled share-based payments to certain directors and employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants (continued)

Government grants relating to the purchase of assets are deducted from the carrying amount of the assets. The grant is recognised in profit or loss over the life of a depreciable asset by way of a reduced depreciation charge.

Repayment of a grant related to income is applied first against any unamortised deferred income set up in respect of the grant. To the extent that the repayment exceeds any such deferred income, or where no deferred income exists, the repayment is recognised immediately in profit or loss. Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income by the amount repayable. The cumulative additional depreciation that would have been recognised in profit or loss to date in the absence of the grant is recognised immediately in profit or loss.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Group (reporting entity) if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of productions processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than inventories and receivables, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Going concern basis

The consolidated financial statements have been prepared on a going concern basis, taking into consideration the factors as explained in note 2 to the consolidated financial statements to strengthen the Group's financial performance and position.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

Key sources of estimation uncertainty (continued)

(b) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

(c) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

(d) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycles. The Group will reassess the estimates by the end of each reporting period.

(e) Impairment of interest in an associate

In determining whether the Group's interest in an associate is impaired requires an estimation of the future cash flows expected to arise and expected dividend yield from the associate and a suitable discount rate in order to calculate the present value. Where the estimated future cash flows are less than expected, a material impairment loss may arise. Impairment assessment had been carried out at the end of the reporting period on the associate in its entirety.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group's entities operating in the PRC have minimal exposures to foreign currency risk as most of their business transactions, assets and liabilities are principally denominated in RMB, the functional currencies of those entities.

The Group's is exposed to currency risks primarily arising from certain Hong Kong dollar-denominated liabilities, the amounts due to the Schemes, obligations under finance leases and senior note, as the functional currency of the Company is RMB. At the end of the reporting period, if HK$ had strengthened or weakened by 5% (31 March 2013: 5%) against RMB, with all other variables held constant, the Group's loss (Year ended 31 March 2013: profit) after tax for the period/year would have been approximately RMB17,392,000 (Year ended 31 March 2013: RMB17,644,000) higher/lower (Year ended 31 March 2013: lower/higher), mainly as a result of foreign exchange gains or losses on translation.

The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade and other receivables, amounts due from an associate and bank balances. In order to minimise credit risk, the management review the recoverable amount of each individual receivable regularly to ensure that adequate impairment losses are recognised for irrecoverable receivable. In this regard, the management consider that the Group's credit risk is significantly reduced.

At the end of the reporting period, the Group had certain concentration of credit risk as approximately 24% (31 March 2013: 52%) and 57% (31 March 2013: 77%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively.

6. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due.

The Group's had a net current liabilities and net liabilities at the end of the reporting period. The management have given careful consideration on the measures currently undertaken in respect of the Group's liquidity position. The management believe that the Group will be able to meet in full its financial obligations as they fall due upon the completion of the restructuring as further explained in note 2 to the consolidated financial statements.

The following table details the remaining contractual maturities of the Group's financial liabilities at the end of the reporting period, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of reporting period and the earliest date the Group can be required to pay).

	Carrying amounts		Total contractual undiscounted cash flow within one year or on demand	
	31 December	31 March	**31 December**	31 March
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade and other payables	**89,997**	68,810	**89,997**	68,810
Amounts due to the Schemes	**378,883**	384,115	**379,283**	389,769
Amounts due to an associate	**6,929**	6,957	**6,929**	6,957
Senior note	**12,364**	12,542	**12,377**	12,717
Borrowings	**17,855**	17,423	**17,855**	17,423
Obligations under finance leases	**25,328**	25,961	**25,328**	25,961
Financial guarantee contracts *(Note)*	**–**	–	**1,088,228**	1,115,434
	531,356	515,808	**1,619,997**	1,637,071

Note: The amount included above for financial guarantee contract is the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Such financial guarantee contract shall be released upon the successful implementation of the proposed restructuring of the Group subsequent to the end of the reporting period, on 27 January 2014.

6. FINANCIAL RISK MANAGEMENT (continued)

(d) Interest rate risk

As at 31 December 2013, the Group is exposed to fair value interest rate risk of approximately RMB110,320,000 (31 March 2013: RMB113,078,000) in relation to certain fixed-rate amounts due to the Schemes.

As at 31 December 2013, the Group is also exposed to cash flow interest rate risk of approximately RMB11,820,000 (31 March 2013: RMB12,116,000) in relation to the variable-rate senior note (note 25). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 (31 March 2013: 100) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 (31 March 2013: 100) basis point higher/lower and all other variables were held constant, the Group's loss/profit after tax would increase/decrease by approximately RMB101,000 (Year ended 31 March 2013: RMB102,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent interest rate risk and the does not reflect the exposure during the reporting periods.

(e) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

6. FINANCIAL RISK MANAGEMENT (continued)

(f) Financial instruments by category

The carrying amounts of each of the category of the Group's financial instruments at the end of the reporting period are as follows:

	At 31 December 2013 RMB'000	At 31 March 2013 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**49,317**	79,888
Financial liabilities		
Financial liabilities at amortised cost	**506,028**	489,847

7. TURNOVER

Turnover represents revenue arising from manufacturing, sale and trading of auto parts and construction decorative hardware products for the period/year. An analysis of the Group's revenue for the period/year is as follows:

	For the nine months ended 31 December 2013 RMB'000	For the twelve months ended 31 March 2013 RMB'000
Auto parts	**69,378**	129,231
Construction decorative hardware products	**17,200**	3,433
	86,578	132,664

8. OTHER INCOME

	For the nine months ended 31 December 2013 RMB'000	For the twelve months ended 31 March 2013 RMB'000
Net exchange gains	**11,679**	2,894
Government grants *(Note)*	**6**	13
Interest income	**1**	3
Others	**120**	164
	11,806	3,074

Note: Government grants are awarded to the Group by the local government agencies as incentives primarily to encourage the development of the Group and the contribution to the local economic development.

9. SEGMENT INFORMATION

The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and marketing strategies. During the period from 1 April 2013 to 31 December 2013, the Group's revenue is derived from the segments of auto parts and construction decorative hardware products.

The accounting policies of the operating segments are the same as those described in note 4 to the financial statements. Segment profits or losses do not include finance costs and other unallocated corporate income and expenses. Segment assets do not include bank and cash balances, current tax assets and other unallocated corporate assets. Segment liabilities do not include obligations under finance leases, senior note, borrowings, tax payables, amounts due to the Schemes and other unallocated corporate liabilities. Segment non-current assets do not include financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

9. SEGMENT INFORMATION (continued)

Information about reportable segment profit or loss, assets and liabilities:

	Auto parts RMB'000	Construction decorative hardware products RMB'000	Total RMB'000
For the nine months ended 31 December 2013:			
Revenue from external customers	**69,378**	**17,200**	**86,578**
Segment loss	**(18,030)**	**(3,844)**	**(21,874)**
Depreciation	**7,597**	**20**	**7,617**
Other material non-cash items:			
Impairment of property, plant and equipment	**11,303**	**–**	**11,303**
Impairment of trade and other receivables	**2,263**	**111**	**2,374**
Impairment of inventories	**810**	**–**	**810**
Additions to segment non-current assets	**27,910**	**–**	**27,910**
At 31 December 2013:			
Segment assets	**151,442**	**9,974**	**161,416**
Segment liabilities	**64,419**	**12,312**	**76,731**
For the twelve months ended 31 March 2013:			
Revenue from external customers	129,231	3,433	132,664
Segment profit/(loss)	15,992	(288)	15,704
Depreciation	5,356	6	5,362
Other material non-cash items:			
Impairment of inventories	350	–	350
Additions to segment non-current assets	33,804	–	33,804
At 31 March 2013:			
Segment assets	181,711	9,598	191,309
Segment liabilities	73,437	5,495	78,932

9. SEGMENT INFORMATION (continued)

Reconciliations of reportable segment revenue, profit and loss, assets and liabilities:

	For the nine months ended 31 December 2013 RMB'000	For the twelve months ended 31 March 2013 RMB'000
Revenue:		
Total turnover of reportable segments disclosed as consolidated turnover	**86,578**	132,664
Profit or loss:		
Total (loss)/profit of reportable segments	**(21,874)**	15,704
Corporate and unallocated profit or loss	**(9,891)**	(459)
Consolidated total (loss)/profit from operations	**(31,765)**	15,245

	At 31 December 2013 RMB'000	At 31 March 2013 RMB'000
Assets:		
Total assets of reportable segments	**161,416**	191,309
Corporate and unallocated assets:		
Bank and cash balances	**284**	162
Current tax assets	**–**	14
Others	**1,838**	–
Consolidated total assets	**163,538**	191,485
Liabilities:		
Total liabilities of reportable segments	**76,731**	78,932
Corporate and unallocated liabilities:		
Obligations under finance leases	**25,328**	25,961
Senior note	**12,364**	12,542
Borrowings	**17,855**	17,423
Tax payables	**13,494**	13,512
Amounts due to the Schemes	**378,883**	384,115
Others	**28,489**	10,388
Consolidated total liabilities	**553,144**	542,873

9. SEGMENT INFORMATION (continued)

Geographical information:

	For the nine months ended 31 December 2013 RMB'000	For the twelve months ended 31 March 2013 RMB'000
Revenue:		
People's Republic of China (the "PRC")	**76,985**	128,759
United States of America	**9,593**	3,905
	86,578	132,664

Information about revenue from the Group's four (31 March 2013: two) customers individually contributing over 10% of total revenue of the Group as follows:

	Notes	For the nine months ended 31 December 2013 RMB'000	For the twelve months ended 31 March 2013 RMB'000
Customer A	2	***Note 1***	26,117
Customer B	2	**13,730**	26,027
Customer C	3	**16,627**	4,159
Customer D	2	**10,517**	5,440
Customer E	3	**9,593**	3,817

Notes:

1. No revenue was contributed to the Group in the respective reporting period.

2. Attributable to the auto parts business.

3. Attributable to the both auto parts and construction decorative hardware businesses.

In presenting the geographical information, revenue is based on the locations of the customers. At the end of the reporting period, all non-current assets of the Group were located in the PRC.

10. FINANCE COSTS

	For the nine months ended 31 December 2013 RMB'000	For the twelve months ended 31 March 2013 RMB'000
Interest expenses on borrowings that are wholly repayable within five years:		
– Amounts due to the NAIH Scheme	**5,121**	6,828
– Senior note	**128**	176
– Discounted bills	**1,204**	1,489
	6,453	8,493

11. INCOME TAX

	For the nine months ended 31 December 2013 RMB'000	For the twelve months ended 31 March 2013 RMB'000
Current tax:		
– Provision for the PRC enterprise income tax	**–**	3,586

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising from Hong Kong during the reporting period (Year ended 31 March 2013: Nil). Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

11. INCOME TAX (continued)

The reconciliation between the income tax and the (loss)/profit before tax are as follows:

	For the nine months ended 31 December 2013 RMB'000	For the twelve months ended 31 March 2013 RMB'000
(Loss)/profit before tax	**(38,218)**	6,752
Notional tax on (loss)/profit before tax calculated at the PRC statutory rate	**(9,555)**	1,688
Effect of different tax rates in other tax jurisdictions	**852**	54
Tax effect of non-deductible expenses	**9,194**	2,005
Tax effect of non-taxable income	**(491)**	(161)
	–	3,586

As at 31 December 2013, subject to the agreements with the tax authorities, the Group has unused tax losses of approximately RMB232,976,000 (31 March 2013: RMB232,976,000) for a subsidiary incorporated in Hong Kong available for offset against future profits of approximately RMB232,976,000 (31 March 2013: RMB232,976,000) and such tax losses may be carried forward indefinitely. No deferred tax asset has been recognised for these tax losses due to the unpredictability of future profit streams of that subsidiary.

12. (LOSS)/PROFIT FOR THE PERIOD/YEAR

The Group's (loss)/profit for the period/year is stated after charging the following:

	For the nine months ended 31 December 2013 RMB'000	For the twelve months ended 31 March 2013 RMB'000
Auditor's remuneration	**551**	633
Cost of inventories sold	**83,872**	105,306
Depreciation	**7,617**	5,362
Minimum lease payments under operating leases in respect of		
Factory and office premises	**1,757**	2,840
Plant and machinery	**5,276**	12,560
	7,033	15,400
Impairment of inventories (included in cost of inventories sold)	**810**	350
Impairments of various assets:		
Property, plant and equipment	**11,303**	–
Trade and other receivables	**2,374**	–
	13,677	–
Staff costs (including directors' remuneration – note 13):		
Salaries, bonus and allowances	**16,246**	19,752

13. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS

The emoluments of each Director were as follows:

	Fees RMB'000	Equity settled share-based payments RMB'000	Total RMB'000
Executive Director			
Ms. Lilly Huang	–	–	–
Mr. Chin Chang Keng, Raymond	30	–	30
Independent Non-executive Director			
Mr. Choi Tat Ying, Jacky	–	–	–
Total for the nine months ended 31 December 2013	**30**	**–**	**30**

	Fees RMB'000	Equity settled share-based payments RMB'000	Total RMB'000
Executive Director			
Ms. Lilly Huang	–	–	–
Independent Non-executive Director			
Mr. Choi Tat Ying, Jacky	–	–	–
Total for the twelve months ended 31 March 2013	–	–	–

The emoluments of the 5 (Year ended 31 March 2013: 5) highest paid non-director individuals represented basic salaries and allowances and retirement benefit scheme contributions of approximately RMB828,000 (31 March 2013: RMB661,000). The emoluments of all 5 (Year ended 31 March 2013: 5) individuals fell within the band ranging from HK$Nil to HK$1,000,000.

During the period, no emoluments were paid by the Group to any of the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

During the period, no emoluments were paid by the Group to any of the senior management (Year ended 31 March 2013: Nil).

14. DIVIDENDS

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

15. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share attributable to equity holders of the Company is based on the loss for the period of approximately RMB38,218,000 (Year ended 31 March 2013: profit of approximately RMB3,166,000) attributable to equity holders of the Company and the weighted average number of 251,892,320 (Year ended 31 March 2013: 251,892,320 as adjusted to reflect the impact of share consolidation on 30 December 2013) ordinary shares in issue during the period/year.

(b) Diluted earnings per share

No diluted loss per share is presented, as the Company did not have any outstanding dilutive potential ordinary shares during the period.

Trading in the shares of the Company had been suspended since 19 January 2009 and no information of the average market price per share for the year is available. During the last year, as the exercise price of the outstanding share options was higher than the market price for shares immediately before the suspension of trading in the Company's shares, the computations of diluted earnings per share for the year ended 31 March 2013 did not assume the exercise of the Company's outstanding share options.

16. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery RMB'000	Office equipment and fixtures RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost				
1 April 2012	55,884	129	60	56,073
Additions	33,799	5	–	33,804
At 31 March 2013 and 1 April 2013	89,683	134	60	89,877
Additions	27,910	–	–	27,910
At 31 December 2013	117,593	134	60	117,787
Accumulated depreciation and impairment				
1 April 2012	15,425	49	15	15,489
Charge for the year	5,327	30	5	5,362
At 31 March 2013 and 1 April 2013	20,752	79	20	20,851
Charge for the period	7,595	18	4	7,617
Impairment	11,303	–	–	11,303
At 31 December 2013	39,650	97	24	39,771
Carrying amounts				
At 31 December 2013	**77,943**	**37**	**36**	**78,016**
At 31 March 2013	68,931	55	40	69,026

At 31 December 2013, the carrying amount of plant and machinery held by the Group under finance leases amounted to RMB13,100,000 (31 March 2013: RMB14,600,000).

The Group carried out reviews of the recoverable amount of its plant and machinery as at 31 December 2013, having regard to the competitiveness and market conditions of the Group's products. These assets are used in the Group's auto parts segment. The reviews led to the recognition of an impairment loss of approximately RMB11,303,000 (31 March 2013: Nil), that has been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of their estimated fair values less costs of disposal.

17. INTEREST IN AN ASSOCIATE

	At 31 December 2013 RMB'000	At 31 March 2013 RMB'000
Cost of unlisted equity investment	**160,461**	160,461
Share of post-acquisition profits and losses	**148,421**	148,421
	308,882	308,882
Less: Impairment losses	**(308,882)**	(308,882)
	–	–

(a) As a result of the persistent operating losses and insolvent financial position of the associate's subsidiaries to be transferred to the NAIH Scheme, the Directors considered that had been unlikely to recover any amount from the carrying amount of approximately RMB308,882,000 since 31 March 2010, and a full provision for impairment had been made for the year ended 31 March 2010.

(b) Particulars of the Group's associate at the end of the reporting period is as follows:

Name of entity	Place of establishment/ operation	Nominal value of issued ordinary share capital	Proportion equity interests held by the Group	Principal activity
Profound Global Limited	British Virgin Islands	20,000 ordinary shares of US$1 each	40%	Investment holding

(c) The Group's 40% equity interest in Profound was pledged for the NAIH Repayment Obligation.

18. INVENTORIES

	At 31 December 2013 RMB'000	At 31 March 2013 RMB'000
Raw materials	**7,430**	10,098
Work in progress	**8,245**	11,028
Finished goods	**5,299**	6,694
	20,974	27,820

19. TRADE AND OTHER RECEIVABLES

	At 31 December 2013 RMB'000	At 31 March 2013 RMB'000
Trade receivables	**32,315**	61,717
Less: impairment losses	**(2,645)**	(369)
	29,670	61,348
Bills receivables:		
Bills receivable on hand	**1,490**	433
Discounted to banks *(Note 26)*	**17,855**	17,423
	19,345	17,856
Prepayment and other receivables	**5,722**	5,677
Less: impairment losses	**(98)**	–
	5,624	5,677
	54,639	84,881

19. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables

The Group allows an average credit period of 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables, net of impairment, presented based on the invoice date at the end of the reporting period.

	At 31 December 2013 RMB'000	At 31 March 2013 RMB'000
0 to 90 days	**23,552**	31,910
91 to 180 days	**3,603**	27,408
181 to 365 days	**1,537**	1,166
Over 1 year	**978**	864
	29,670	61,348

Bills receivables

The following is an aged analysis of bills receivables:

	At 31 December 2013 RMB'000	At 31 March 2013 RMB'000
0 to 90 days	**9,274**	7,940
91 to 180 days	**10,071**	9,916
	19,345	17,856

During the period/year, the Group discounted certain bills receivables to banks for cash proceeds.

If the bills receivables are not paid at maturity, the banks have the rights to request the Group to pay the unsettled balances. As the Group has not transferred the significant risks and rewards relating to these bills receivables, it continues to recognise the full carrying amount of the bills receivables and has recognised the cash received on the transfer as a secured borrowing.

At the end of the reporting period, the carrying amount of bills receivables that have been transferred but have not been derecognised amounted to approximately RMB17,855,000 (31 March 2013: RMB17,423,000) with the equivalent carrying amounts of the associated liabilities as further described in note 26.

19. TRADE AND OTHER RECEIVABLES (continued)

Impairment of trade receivables

The movement in the allowance for doubtful debts during the reporting period, including both specific and collective loss components, is as follows:

	At 31 December 2013 RMB'000	At 31 March 2013 RMB'000
At beginning of the reporting period	**369**	369
Impairment losses recognised	**2,276**	–
At the end of the reporting period	**2,645**	369

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of approximately RMB2,276,000 (31 March 2013: Nil) with a carrying amount before provision of approximately RMB2,706,000 (31 March 2013: Nil). The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in principal payments and only a portion of the receivables is expected to be recovered.

Trade receivables that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	At 31 December 2013 RMB'000	At 31 March 2013 RMB'000
Neither past due nor impaired	**23,552**	31,910
Less than 90 days past due	**3,603**	27,408
Over 90 days past due	**2,515**	2,030
	29,670	61,348

Trade receivables that were not past due relate to a wide range of customers who has no recent history of default. The Group does not hold any collateral over these balances.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

20. AMOUNTS DUE FROM/TO AN ASSOCIATE

The amounts due from/to an associate are unsecured, interest-free and have no fixed repayment terms.

21. BANK AND CASH BALANCES

At the end of the reporting period, all bank balances and cash of the Group are denominated in RMB. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Bank balances carry average interest rate of 0.01% (31 March 2013: 0.01%) per annum.

22. TRADE AND OTHER PAYABLES

	At 31 December 2013 RMB'000	At 31 March 2013 RMB'000
Trade payables	**28,809**	35,208
Accruals and other payables	**69,482**	47,155
	98,291	82,363

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

	At 31 December 2013 RMB'000	At 31 March 2013 RMB'000
0 to 90 days	**10,295**	7,583
91 to 180 days	**3,621**	10,404
181 to 365 days	**3,112**	5,606
over 365 days	**11,781**	11,615
	28,809	35,208

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

23. AMOUNTS DUE TO THE SCHEMES

	At 31 December 2013 RMB'000	At 31 March 2013 RMB'000
NFG Repayment Obligation	**157,600**	161,540
Amounts due to NAIH Scheme	**161,497**	161,294
Amounts due to NFG Scheme	**59,786**	61,281
	378,883	384,115

The amounts represented the NFG Repayment Obligation, the NAIH Obligation and amounts due by the Group to the subsidiaries that were transferred to the NFG SPV (under NFG Scheme) and the NAIH SPV (under NAIH Scheme) pursuant to the Schemes effective on 19 March 2010.

Except for an principal amount due to the NAIH SPV of RMB110,320,000 (31 March 2013: RMB113,078,000) which bears interest at 5% per annum, all balances are unsecured, non-interest bearing, and are repayable on demand or within one year.

Subsequent to the end of reporting period, the NFG Repayment Obligation was settled by the cash proceeds from the issuance of subscription shares and class B shares to the Investor. Pursuant to the supplementary proposals approved by the Scheme Creditors on 23 November 2013, the amounts due to NAIH Scheme and amounts due to NFG Scheme were waived upon the Completion.

24. OBLIGATIONS UNDER FINANCE LEASES

Pursuant to the terms of the NAIH Scheme, the Group's obligations under finance leases will be divided into secured and unsecured portion on 19 March 2010. The secured portion will be determined with reference to valuation of the relevant leased assets. On 19 March 2010, obligations under finance leases of RMB7,723,000 was treated as unsecured portion and transferred to the NAIH Scheme. Any claims, including interest costs, arising from obligations under finance leases after the effective date of the NAIH Scheme will be borne by the NAIH Scheme. As a result, the Group's obligations under finance leases at the end of the reporting period were repayable on demand and non-interest bearing.

The Group's obligations under finance leases are denominated in HK$ and are secured by the lessor's charge over the leased assets of approximately RMB13,100,000 (31 March 2013: RMB14,600,000).

Subsequent to the end of the reporting period, the Scheme Administrator has reached the compromise with a Scheme Creditor to release certain amounts of the Group's obligations under finance leases of approximately RMB13,350,000, and the Scheme Administrator is still in negotiation with another Scheme Creditor regarding the specific settlement terms and arrangement of the remaining obligations under finance leases.

25. SENIOR NOTE

Pursuant to the Senior Note Subscription Agreement, the amount is unsecured and carrying interest at HIBOR plus 1.05% and has been extended by the parties from 6 September 2011 to 31 January 2014 by way of side letters dated 15 August 2011, 6 September 2012, 28 February 2013, 30 April 2013, 31 May 2013, 30 June 2013, 31 July 2013, 31 August 2013, 30 September 2013, 31 October 2013, 30 November 2013 and 31 December 2013. On 31 December 2013, the maturity date of the senior note has been further extended to 31 January 2014. Further details of which are stated in note 2 to these financial statements. Subsequent to the end of the reporting period, the Senior Note was settled by the cash proceeds from the issuance of subscription shares and class B shares to the Investor.

26. BORROWINGS

	At 31 December 2013 RMB'000	At 31 March 2013 RMB'000
Discounted bills	**17,855**	17,423

The Group's discounted bills were with recourse as at the reporting date and carrying interest at 7% (31 March 2013: 7%) per annum.

27. SHARE CAPITAL

	Note	**Number of shares**	**Amount RMB'000**
Authorised:			
Ordinary shares:			
Ordinary shares of HK$0.10 each at 31 March 2013		5,000,000,000	441,650
Capital restructuring: net increase in authorised ordinary share capital	(a)	4,414,453,759	(367,224)
Ordinary shares of HK$0.01 each at 31 December 2013		9,414,453,759	74,426
Class B shares:			
Capital restructuring: inception of authorised class B share capital of HK$0.01 each during the period and balance at 31 December 2013	(a)	585,546,241	4,614
Total		10,000,000,000	79,040

27. SHARE CAPITAL (continued)

	Note	Number of shares	Amount RMB'000
Issued and fully paid:			
Ordinary shares:			
Ordinary shares of HK$0.10 each at 31 March 2013		1,259,461,601	111,248
Capital restructuring: decrease in issued ordinary share capital	(a)	(1,007,569,281)	(109,023)
Ordinary shares of HK$0.01 each at 31 December 2013		251,892,320	2,225
Total		251,892,320	2,225

Notes:

(a) There was a capital restructuring of the Company effected on 30 December 2013 which comprised the following:

	Prior to the capital restructuring	After the capital reduction *(i)*	After the capital cancellation *(ii)*	After the share consolidation *(iii)*	After the increase of authorised share capital *(iv)*	After the re-classification and re-designation of authorised share capital *(v)*
Par value of share (HK$)	0.10	0.002	0.002	0.01	0.01	0.01
No. of authorised ordinary shares	5,000,000,000	5,000,000,000	1,259,461,601	251,892,320	10,000,000,000	9,414,453,759
No. of authorised class B shares	–	–	–	–	–	585,546,241
Authorised share capital (HK$)	500,000,000	10,000,000	2,518,923	2,518,923	100,000,000	100,000,000
Authorised share capital (RMB equivalent)	441,650,000	8,833,000	2,224,965	2,224,965	79,040,053	79,040,053
No. of shares in issue	1,259,461,601	1,259,461,601	1,259,461,601	251,892,320	251,892,320	251,892,320
Paid up capital (HK$)	125,946,160	2,518,923	2,518,923	2,518,923	2,518,923	2,518,923
Paid up capital (RMB equivalent)	111,248,243	2,224,965	2,224,965	2,224,965	2,224,965	2,224,965

(i) reduction of the par value of all issued and un-issued ordinary shares of the Company from HK$0.10 to HK$0.002 each;

(ii) cancellation of the entire existing un-issued 3,740,538,399 ordinary shares of the Company;

(iii) consolidation of every 5 existing issued shares of the Company into 1 new share of par value of HK$0.01 each;

(iv) increase of 9,748,107,680 authorised ordinary share capital from 251,892,320 to 10,000,000,000 ordinary shares representing HK$100,000,000 divided into 10,000,000,000 new ordinary shares of HK$0.01 each; and

(v) re-classification and re-designation of 10,000,000,000 authorised share capital of HK$0.01 each, comprising of 9,414,453,759 new ordinary shares of par value of HK$0.01 each; and 585,546,241 class B shares of par value of HK$0.01 each.

27. SHARE CAPITAL (continued)

(b) Subsequent to the end of the reporting period, there were changes in share capital structure of the Company as follows:

(i) Issuance of subscription shares

Completion of the issuance of subscription shares took place on 23 January 2014 pursuant to which 1,555,538,480 subscription shares were issued to the Investor at the subscription price of HK$0.1168 per subscription share with par value of HK$0.01 each. Accordingly, the Company's ordinary share capital was increased by approximately HK$15,555,000 (equivalent to approximately RMB12,227,000) and the share premium account was increased by approximately HK$166,132,000 (equivalent to approximately RMB130,579,000). Amongst the 1,555,538,480 subscription shares subscribed by the Investor, 377,838,480 were issued and allotted to the NAIH SPV for the benefit of the NAIH Scheme Creditors.

(ii) Issuance of class B shares

Completion of the issuance of class B shares took place on 23 January 2014 pursuant to which 585,546,241 class B shares were issued to the Investor at the subscription price of HK$0.1168 per class B share with par value of HK$0.01 each. Accordingly, the Company's class B share capital was increased by approximately HK$5,855,000 (equivalent to approximately RMB4,602,000) and the share premium account was increased by approximately HK$62,536,000 (equivalent to approximately RMB49,154,000).

(iii) Issuance of warrants

Completion of the issuance of warrants took place on 23 January 2014 pursuant to which 125,946,160 warrants (one unit of warrant carrying the right to subscribe for one whole new ordinary share) were issued to the Subscriber Shareholders at the exercise price of HK$0.1168 per warrant with the underlying shares at par value of HK$0.01 each. On 27 January 2014, 100,756,928 warrants were exercised and the remaining 25,189,232 warrants were exercised on 24 February 2014. Accordingly, the Company's ordinary share capital was increased by approximately HK$1,265,000 (equivalent to approximately RMB994,000) and the share premium account was increased by approximately HK$13,451,000 (equivalent to approximately RMB10,573,000).

Following the aforesaid capital restructuring and the issuance of subscription shares, class B shares and warrants, the Investor was interested in 1,763,246,241 ordinary shares, representing approximately 70% of the enlarged issued ordinary share capital of the Company upon conversion of class B shares in full.

Holders of ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meeting of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

The holders of class B shares is not entitled to (i) the distributable profits of the Company available for dividend distribution; and (ii) any voting right at any general meeting of the shareholders by reason of being a holder of class B share. Each fully paid and outstanding class B share shall be convertible, at the option of the holder thereof at any time, into one ordinary share of the Company.

27. SHARE CAPITAL (continued)

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure.

The capital structure of the Group consists of net debt, which includes bank balances and cash, trade and other payables, amounts due to an associate, obligations under finance leases, senior note, borrowings and equity attributable to equity holders of the Company, comprising share capital and reserves. As the Group had capital deficiencies at the end of the reporting period, the debt-to-capital ratio is not presented.

28. EQUITY SETTLED SHARE-BASED PAYMENTS

The Company adopted a share option scheme on 4 September 2003 (the "Share Option Scheme") whereby the Directors are authorised, at their discretion, to invite, inter alia, employees of the Group (including directors of any company in the Group) to take up options to subscribe for shares of the Company. The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations.

Details of the Share Option Scheme are disclosed in the Directors' Report under the heading of "Share Option Scheme".

Details of the share options granted under the Share Option Scheme are as follows:

	Date of grant	Number of options granted	Vesting period	Exercise period	Exercise price
1st Batch A	26 September 2006	7,004,000	26 September 2006 to 25 September 2008	26 September 2008 to 3 September 2013	HK$2.57
1st Batch B	26 September 2006	7,004,000	26 September 2006 to 25 September 2009	26 September 2009 to 3 September 2013	HK$2.57
1st Batch C	26 September 2006	7,017,000	26 September 2006 to 25 September 2010	26 September 2010 to 3 September 2013	HK$2.57
2nd Batch A	14 December 2007	6,380,000	14 December 2007 to 25 September 2009	26 September 2009 to 3 September 2013	HK$2.29
2nd Batch B	14 December 2007	6,380,000	14 December 2007 to 25 September 2010	26 September 2010 to 3 September 2013	HK$2.29
2nd Batch C	14 December 2007	6,394,000	14 December 2007 to 25 September 2011	26 September 2011 to 3 September 2013	HK$2.29

28. EQUITY SETTLED SHARE-BASED PAYMENTS (continued)

Details of the movements of the outstanding share options granted under the Share Option Scheme during the period/year are summarised as follows:

	Number of share options		Weighted average exercise price
	31 December 2013	31 March 2013	HK$
At beginning of period/year	11,000,000	11,000,000	2.43
Lapsed during the period/year	(11,000,000)	–	
At end of reporting period	–	11,000,000	–
Exercisable at end of reporting period	–	11,000,000	–

29. RESERVES

(a) The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Reserves of the Company

	Share premium RMB'000	Share option reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 April 2012	1,462,047	7,967	(1,747,508)	(277,494)
Loss for the year	–	–	(882)	(882)
At 31 March 2013	1,462,047	7,967	(1,748,390)	(278,376)
At 1 April 2013	1,462,047	7,967	(1,748,390)	(278,376)
Share options lapsed	–	(7,967)	7,967	–
Capital reduction	–	–	109,023	109,023
Loss for the period	–	–	(12,112)	(12,112)
At 31 December 2013	**1,462,047**	**–**	**(1,643,512)**	**(181,465)**

29. RESERVES (continued)

(c) Nature and purpose of reserves of the Group

(i) Share premium

Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4 to the consolidated financial statements.

(iii) Share option reserve

This represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity settled share-based payments in note 4 to the consolidated financial statements.

(iv) Merger reserve

The merger reserve represents the difference between the aggregate net assets of the subsidiaries acquired by the Group and the nominal amount of the Company's shares issued at the date of reorganisation as set out in the prospectus of the Company dated 29 September 2003.

30. SUMMARISED FINANCIAL POSITION OF THE COMPANY

	At 31 December 2013 RMB'000	At 31 March 2013 RMB'000
Non-current assets		
Investments in subsidiaries	**–**	–
Current liabilities		
Accruals and other payables	**21,640**	5,588
Amounts due to the NFG Scheme	**157,600**	161,540
	179,240	167,128
NET LIABILITIES	**(179,240)**	(167,128)
Capital and reserves		
Share capital	**2,225**	111,248
Reserves	**(181,465)**	(278,376)
TOTAL EQUITY	**(179,240)**	(167,128)

31. CONTINGENT LIABILITIES

As at 31 March 2013 and 31 December 2013, the Company provided the NFG Undertaking and the Fullitech provided the Fullitech Corporate Guarantee for a sum up to the NAIH Repayment Obligation. Further development of which are stated in Key Elements of note 2 to the consolidated financial statements.

32. LEASE COMMITMENTS

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases in respect of certain office premises and machinery are analysed as follows:

	At 31 December 2013 RMB'000	At 31 March 2013 RMB'000
Within one year	**7,836**	15,400
In the second to fifth year inclusive	**6,707**	17,850
	14,543	33,250

33. CAPITAL COMMITMENTS

The Directors were not aware of any significant capital commitments of the Group at the end of the reporting period.

34. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions.

	For the nine months ended 31 December 2013 RMB'000	For the twelve months ended 31 March 2013 RMB'000
Rental expenses paid to deconsolidated companies	**6,318**	14,576

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors, the senior management and all of the highest paid employees as disclosed in note 13, is as follows:

	For the nine months ended 31 December 2013 RMB'000	For the twelve months ended 31 March 2013 RMB'000
Short-term employee benefits	**828**	661

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The table below lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the financial position of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of the Company's principal subsidiaries at the end of the reporting period are as follows:

Name	Place of incorporation/ registration	Issued and paid-up capital	Percentage of the Company's indirect ownership interest	Principal activities
Norstar Automobile Industrial Holding Limited (Provisional Liquidators Appointed)▿	Hong Kong	100,000,000 ordinary shares of HK$1 each	100%	Investment holding
北泰汽車底盤系統(安徽)有限公司# (Norstar Automotive Chassis System (Anhui) Inc.)*	The PRC	US$49,000,000	100%	Design, development and manufacturing and sale of auto brakes, shock absorbers, suspension and transmission
蘇州北盛貿易發展有限公司 (Suzhou Norshing Trading Co. Ltd.)*	The PRC	RMB5,000,000	100%	Marketing, trading and distribution of autoparts and construction decorative hardware products

▿ The Provisional Liquidators were discharged on 27 January 2014, the date on which trading in the shares of the Company resumed.

Wholly foreign-owned enterprises

* For identification purpose only

36. LITIGATIONS

Save as disclosed below, the Directors are not aware of any litigation or claims of material importance pending or threatened by or against the members of the Group at the end of the reporting period:

(a) On 6 February 2009, a petition to wind up the Company was presented to the High Court by Madam Huang together with an application of provisional liquidator(s) to protect the assets of the Company and to safeguard the interest of creditors (the petitioner was subsequently amended to be Century Founders). On the same day, a similar petition and application against NAIH were also presented to the High Court by Fullitech. As a result of such applications, 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 by the High Court on 6 February 2009. Upon presentation of the winding-up petition, no action or proceeding shall be proceeded with or commenced against the Company and NAIH except by leave of the High Court, and subject to such terms as the High Court may impose.

On 13 January 2014, the Provisional Liquidators were discharged and the petitioned to the High Court for the winding-up of the Company was dismissed. Further details of which are described in note 2 to the consolidated financial statements.

(b) On 23 December 2010, the Company, NAIH, Norstar Chassis and 1 other received judgements from the High People's Court of Anhui Province in relation to its default in payment under the respective finance lease agreements entered into between NAIH and the plaintiff. The plaintiff's claims are to be dealt with in manner stipulated under the terms of the Schemes.

(c) On 23 December 2010, NAIH, Norstar Chassis and 2 others received judgement from the High People's Court of Anhui Province in relation to its default in payment under the respective finance lease agreements entered into between NAIH and the plaintiff. A claim in respect of the same finance lease agreements was also filed by the plaintiff to the Intermediate People's Court of Beijing City, which was later rejected by the relevant court. The plaintiff's claims are to be dealt with in manner stipulated under the terms of the Schemes.

(d) On 31 July 2013, Norstar Chassis received judgment from the Intermediate People's Court of Bengbu, Anhui Province in relation to the claims filed by the bankruptcy administrators of the Scheme Companies for payment of outstanding rentals of factory premises and/or machineries leased by Norstar Chassis. Pursuant to the equipment lease agreement(s), all rental/lease payments should be set-off against the amounts due from the lessor/landlord. Accordingly, on 22 August 2013, an appeal was filed by Norstar Chassis to the relevant court. Based on the current assessment of the management of Norstar Chassis and their discussions with the plaintiffs to date, the business and operations of Norstar Chassis are not expected to be adversely affected by the claims.

36. LITIGATIONS (continued)

At the end of the reporting period, adequate provisions have been made against liabilities of the Group's potential obligations under above claims. Having considered the nature of the litigations, and the recognition of liabilities relating thereto, the Directors consider that the outstanding litigations would not have material impacts to the Group and its related business.

37. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, there are certain updates on the Group's proposed restructuring in progress, and further details of which are stated in notes 1, 2, 24 and 25 to the consolidated financial statements.

38. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 March 2014.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years/period, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below:

	For the twelve months ended 31 March				For the nine months ended 31 December
	2010	2011	2012	2013	**2013**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
RESULTS					
Turnover	50,705	247,049	201,953	132,664	**86,578**
Profit/(loss) before tax	1,350,784	20,914	10,910	6,752	**(38,218)**
Income tax	(683)	(5,655)	(4,250)	(3,586)	**–**
Profit/(loss) for the year/period	1,350,101	15,259	6,660	3,166	**(38,218)**
Attributable to:					
Equity holders of the Company	1,350,101	15,259	6,660	3,166	**(38,218)**

	As at 31 March				As at 31 December
	2010	2011	2012	2013	**2013**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
ASSETS AND LIABILITIES					
Non-current assets	44,618	41,526	40,584	69,026	**78,016**
Current assets	43,921	71,539	154,240	122,459	**85,522**
Current liabilities	(465,859)	(474,286)	(549,378)	(542,873)	**(553,144)**
Net liabilities	(377,320)	(361,221)	(354,554)	(351,388)	**(389,606)**
Attributable to:					
Equity holders of the Company	(377,320)	(361,221)	(354,554)	(351,388)	**(389,606)**