京西重工國際有限公司

BEIJINGWEST INDUSTRIES INTERNATIONAL LIMITED

Stock Code : 2339

2016

Interim Report

CONTENTS

CORPORATE INFORMATION

Board of Directors	Jiang Yunan *(Chairman and Managing Director)* Li Shaofeng *(Executive Director)* Qi Jing *(Executive Director)* Craig Allen Diem *(Executive Director)* Bogdan Józef Such *(Executive Director)* Zhang Yaochun *(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	Jiang Yunan *(Chairman)* Li Shaofeng Qi Jing Craig Allen Diem Bogdan Józef Such
Audit Committee	Tam King Ching, Kenny *(Chairman)* Leung Kai Cheung Yip Kin Man, Raymond
Nomination Committee	Jiang Yunan *(Chairman)* Zhang Yaochun Tam King Ching, Kenny Leung Kai Cheung Yip Kin Man, Raymond
Remuneration Committee	Leung Kai Cheung *(Chairman)* Jiang Yunan Tam King Ching, Kenny Yip Kin Man, Raymond
Company Secretary	Cheng Man Ching
Auditor	Ernst & Young

Share Registrar	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
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Report on review of interim condensed consolidated financial statements to the shareholders of BeijingWest Industries International Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated statement of financial position of BeijingWest Industries International Limited and its subsidiaries (collectively the "Group") as of 30 June 2016 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* (HKAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

25 August 2016

INTERIM RESULTS

The board of directors (the "Board") of BeijingWest Industries International Limited (the "Company") is pleased to report the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016. These interim results have been reviewed by the Company's Audit Committee and its Auditor.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

		Six months ended 30 June	
	Notes	**2016** ***HK$'000*** **(unaudited)**	2015 *HK$'000* (unaudited)
REVENUE	*4*	**1,513,934**	1,584,942
Cost of sales		**(1,130,181)**	(1,248,579)
Gross profit		**383,753**	336,363
Other income and gains, net	*4*	**43,976**	23,926
Gain on deconsolidation of subsidiaries, net		**–**	64,286
Selling and distribution costs		**(17,321)**	(8,333)
Administrative expenses		**(118,199)**	(121,939)
Research and development expenses		**(148,370)**	(141,678)
Other operating expenses, net		**(1,583)**	(41,546)
Finance costs	*6*	**(688)**	(836)
PROFIT BEFORE TAX	*5*	**141,568**	110,243
Income tax expense	*7*	**(33,108)**	(14,034)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		**108,460**	96,209
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic and diluted (HK cents per share)		**1.88**	2.02

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
PROFIT FOR THE PERIOD	**108,460**	96,209
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(19,410)**	(23,715)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Re-measurement profit on defined benefit plans	**1,263**	4,249
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX	**(18,147)**	(19,466)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	**90,313**	76,743

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	30 June 2016 HK$'000 (unaudited)	31 December 2015 HK$'000 (audited)
NON-CURRENT ASSETS:			
Property, plant and equipment	9	**286,200**	272,258
Prepaid land lease payments		**10,735**	10,859
Goodwill		**5,811**	6,157
Deferred tax assets		**32,359**	29,484
Contract performance deposits		**10,132**	9,263
Total non-current assets		**345,237**	328,021
CURRENT ASSETS:			
Inventories	10	**143,405**	154,872
Trade and bills receivables	11	**462,224**	370,782
Prepayments, deposits and other receivables		**149,600**	123,576
Cash and cash equivalents	12	**581,918**	664,103
Total current assets		**1,337,147**	1,313,333
CURRENT LIABILITIES:			
Trade payables	13	**403,966**	368,870
Other payables and accruals		**217,610**	300,753
Income tax payables		**24,654**	8,166
Bank borrowings	14	**37,993**	57,201
Defined benefit obligations	15	**825**	829
Provision		**34,949**	33,112
Total current liabilities		**719,997**	768,931
NET CURRENT ASSETS		**617,150**	544,402
TOTAL ASSETS LESS CURRENT LIABILITIES		**962,387**	872,423

As at 30 June 2016

	Notes	**30 June 2016 HK$'000 (unaudited)**	31 December 2015 HK$'000 (audited)
NON-CURRENT LIABILITIES:			
Defined benefit obligations	*15*	**73,804**	72,813
Deferred tax liabilities		**9,010**	9,325
Loan from a holding company		**431**	424
Total non-current liabilities		**83,245**	82,562
NET ASSETS		**879,142**	789,861
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*16*	**57,607**	57,655
Reserves		**821,535**	732,206
Total equity		**879,142**	789,861

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Note	Issued capital HK$'000 (Note 16)	Share premium account HK$'000	Merger reserve HK$'000	Defined benefit plan reserve HK$'000	Exchange fluctuation reserve HK$'000	Capital reserve HK'000	Retained profit HK$'000	Total HK$'000
At 1 January 2016		57,655	1,042,025	(744,508)	(11,709)	(139,982)	44,132	542,248	789,861
Profit for the period		-	-	-	-	-	-	108,460	108,460
Other comprehensive income/(loss) for the period:									
Exchange differences on translation of foreign operations		-	-	-	-	(19,410)	-	-	(19,410)
Re-measurement of profit on defined benefit plans		-	-	-	1,263	-	-	-	1,263
Total comprehensive income/(loss) for the period		-	-	-	1,263	(19,410)	-	108,460	90,313
Repurchase of shares	16	(48)	(984)	-	-	-	-	-	(1,032)
At 30 June 2016 (unaudited)		57,607	1,041,041*	(744,508)*	(10,446)*	(159,392)*	44,132*	650,708*	879,142

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2016

	Issued capital HK$'000	Share premium account HK$'000	Merger reserve HK$'000	Defined benefit plan reserve HK$'000	Exchange fluctuation reserve HK$'000	Capital reserve HK'000	(Accumulated losses)/ retained profit HK$'000	Total HK$'000
At 1 January 2015	46,061	2,509,127	(744,508)	(10,779)	(41,947)	44,132	(1,574,731)	227,355
Profit for the period	–	–	–	–	–	–	96,209	96,209
Other comprehensive income/(loss) for the period:								
Exchange differences on translation of foreign operations	–	–	–	–	(23,715)	–	–	(23,715)
Re-measurement of profit on defined benefit plans	–	–	–	4,249	–	–	–	4,249
Total comprehensive income/(loss) for the period	–	–	–	4,249	(23,715)	–	96,209	76,743
Issuance of the subscription shares**	1,000	37,000	–	–	–	–	–	38,000
Share placements**	11,000	503,000	–	–	–	–	–	514,000
Reduction of share premium account to set off the accumulated losses**	–	(1,982,912)	–	–	–	–	1,982,912	–
Transaction costs attributable to issue of shares**	–	(12,890)	–	–	–	–	–	(12,890)
Deconsolidation of subsidiaries	–	–	–	–	(38,469)	–	–	(38,469)
At 30 June 2015 (unaudited)	58,061	1,053,325*	(744,508)*	(6,530)*	(104,131)*	44,132*	504,390*	804,739

* These reserve accounts comprise the consolidated reserves of HK$821,535,000 (six months ended 30 June 2015: HK$746,678,000) in the interim condensed consolidated statement of financial position.

** Defined in the Group's 2015 annual report.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

		Six months ended 30 June	
	Notes	**2016** ***HK$'000*** **(unaudited)**	2015 *HK$'000* (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**141,568**	110,243
Total non-cash adjustments		**9,265**	(15,096)
Total working capital adjustments		**(47,674)**	(54,496)
Net cash flows generated from operations		**103,159**	40,651
Income tax paid		**(18,934)**	(28,271)
Net cash flows from operating activities		**84,225**	12,380
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(45,953)**	(13,818)
Proceeds from disposals of property, plant and equipment		**3,493**	113
Acquisition of subsidiaries		**(100,000)**	(120,000)
Net cash outflow upon deconsolidation of subsidiaries		**–**	(4,687)
Interest received		**1,351**	1
Net cash flows used in investing activities		**(141,109)**	(138,391)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended 30 June 2016

	Notes	2016 HK$'000 (unaudited)	2015 HK$'000 (unaudited)
		Six months ended 30 June	
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans		**8,288**	51,456
Proceeds from the issue of shares		**–**	38,000
Proceeds from share placements		**–**	501,110
Interest paid		**(688)**	(836)
Repayment of loans		**(28,279)**	–
Repurchase of shares	*16*	**(1,032)**	–
Net cash flows (used in)/from financing activities		**(21,711)**	589,730
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(78,595)**	463,719
Cash and cash equivalents at beginning of period		**664,103**	357,513
Effect of foreign exchange rate changes, net		**(3,590)**	(30,093)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**581,918**	791,139

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of BeijingWest Industries International Limited (the "Company") and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2016 were authorised for issue by the board of directors of the Company (the "Directors") on 25 August 2016.

The Company was incorporated in the Cayman Islands on 21 September 2001 as an exempt company with limited liability under the Companies Law of the Cayman Islands. Its registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY 1-1111, Cayman Islands and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the period, the Group was principally involved in the manufacture and sale of automotive parts and components and trading of automotive parts and components.

As at 30 June 2016 and the date of approval of these financial statements, the immediate holding company of the Company is BWI Company Limited ("BWI (HK)"), which is incorporated in Hong Kong with limited liability. In the opinion of the Directors, the ultimate holding company of BWI (HK) is Shougang Corporation, which is a state-owned enterprise established in the People's Republic of China ("PRC") and is supervised by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality.

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

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with HKAS 34 *Interim Financial Reporting* and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

The interim condensed consolidated financial statements are presented in Hong Kong dollar ("HK$") and all values are rounded to the nearest thousand, except when otherwise indicated.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Basis of consolidation

The interim condensed consolidated financial statements include the financial statements of the Group for the six months period ended 30 June 2016. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases, except for the results of the subsidiaries acquired pursuant to the acquisition of 100% equity interest in BWI Europe Company Limited S.A. ("BWI Europe") (the "BWI Europe Acquisition"), which have been consolidated since 23 January 2014 as mentioned in note 3.1 to the Group's 2015 annual report.

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

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

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

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and amendments effective as of 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standard or amendment are described below:

HKFRS 14 *Regulatory Deferral Accounts*

HKFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of HKFRS. Entities that adopt HKFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income ("OCI"). The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. HKFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing HKFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

Amendments to HKFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests*

The amendments to HKFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant principle of HKFRS 3 *Business Combinations* for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments clarify the principle in HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets* that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

Amendments to HKAS 16 and HKAS 41 *Agriculture: Bearer Plants*

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of HKAS 41 *Agriculture*. Instead, HKAS 16 will apply. After initial recognition, bearer plants will be measured under HKAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of HKAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, HKAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group as the Group does not have any bearer plants.

Amendments to HKAS 27 *Equity Method in Separate Financial Statements*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying HKFRS and electing to change to the equity method in their separate financial statements will have to apply that change retrospectively. First-time adopters of HKFRS electing to use the equity method in their separate financial statements will be required to apply this method from the date of transition to HKFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group's consolidated financial statements.

Annual Improvements *2012-2014 Cycle*

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in HKFRS 5. This amendment must be applied prospectively.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

Annual Improvements *2012-2014 Cycle (continued)*

HKFRS 7 *Financial Instruments: Disclosures*

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendment to HKFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

HKAS 19 *Employee Benefits*

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

Annual Improvements *2012-2014 Cycle (continued)*

HKAS 34 *Interim Financial Reporting*

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

Amendments to HKAS 1 *Disclosure Initiative*

The amendments to HKAS 1 clarify, rather than significantly change, existing HKAS 1 requirements. The amendments clarify:

- The materiality requirements in HKAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

Annual Improvements *2012-2014 Cycle (continued)*

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 *Investment Entities: Applying the Consolidation Exception*

The amendments address issues that have arisen in applying the investment entities exception under HKFRS 10 *Consolidated Financial Statements*. The amendments to HKFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to HKFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to HKAS 28 *Investments in Associates and Joint Ventures* allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group as the Group does not apply the consolidation exception.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.3 New and revised HKFRSs not yet adopted

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

HKFRS 9	*Financial Instruments*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 15	*Revenue from Contracts with Customers*[1]
HKFRS 16	*Leases*[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 No mandatory effective date yet determined but is available for adoption

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

In September 2014, the Hong Kong Institute of Certified Public Accountants issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating activities originated from a single operating segment, which is the manufacture and sale of automotive parts and components. Therefore, no analysis by operating segment is presented.

Products and services

Revenue from external customers

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Product revenue	**1,455,805**	1,532,424
Technical service income	**58,129**	52,518
	1,513,934	1,584,942

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
United Kingdom	**642,661**	807,377
United States	**164,789**	158,563
Germany	**336,828**	268,574
Mainland China	**10,333**	11,276
Other countries	**359,323**	339,152
	1,513,934	1,584,942

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

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information (continued)

(b) Non-current assets

	30 June 2016 *HK$'000* (unaudited)	31 December 2015 *HK$'000* (audited)
Poland	**184,943**	177,094
United Kingdom	**79,093**	96,585
Other countries	**48,842**	24,858
	312,878	298,537

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

Information about major customers

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

	Six months ended 30 June	
	2016 *HK$'000* (unaudited)	2015 *HK$'000* (unaudited)
Customer A	**590,382**	754,737
Customer B	**180,454**	157,971
	770,836	912,708

4. REVENUE, OTHER INCOME AND GAINS, NET

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

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

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Revenue		
Sale of goods	**1,455,805**	1,532,424
Technical service income	**58,129**	52,518
	1,513,934	1,584,942

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Other income and gains, net		
Profit from sale of scrap materials	**1,024**	4,751
Bank interest income	**1,351**	1
Royalty income	**7,176**	6,189
Prototype income	**14,533**	10,000
Exchange realignment	**17,297**	–
Gain on disposal of items of property, plant and equipment	**442**	–
Others	**2,153**	2,985
	43,976	23,926

5. PROFIT BEFORE TAX

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

	Notes	Six months ended 30 June 2016 HK$'000 (unaudited)	2015 HK$'000 (unaudited)
Cost of inventories sold		**1,130,181**	1,248,579
Depreciation	9	**20,920**	18,872
Amortisation of prepaid land lease payments		**71**	75
Minimum lease payments under operating leases:			
Buildings		**1,605**	1,369
Plant and equipment		**12,194**	11,500
Auditors' remuneration		**808**	1,225
Employee benefit expenses (including directors' remuneration):			
Wages, salaries and benefits		**225,849**	229,266
Defined benefit obligation expenses	15	**2,120**	1,899
		227,969	231,165
Research and development costs		**148,370**	141,678
Less: Staff costs included as research and development costs		**70,478**	70,286
Research and development costs, net of staff costs		**77,892**	71,392
(Gain)/loss on disposal of items of property, plant and equipment, net		**(442)**	4
Reversal of impairment of trade and bills receivables, net*	11	**(956)**	(297)
(Reversal of provision)/provision against obsolete inventories**	10	**(2,616)**	3,911
Provision for warranties, net		**8,914**	275
Provision for additional rental claim***		**–**	15,752
Foreign exchange differences, net		**(17,297)**	25,790

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

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

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

6. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on bank loans wholly repayable within five years	**688**	836

7. INCOME TAX

No provisions for Hong Kong profits tax have been made for the six months ended 30 June 2016 as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2015: nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates. Rates of income tax prevailing in the countries in which the Group operates include:

	Six months ended 30 June	
	2016	2015
	(unaudited)	(unaudited)
Luxembourg	**21%**	21%
Poland	**19%**	19%
United Kingdom	**20%**	21%
France	**33.33%**	33.33%
Germany	**31.9%**	31.9%
Italy	**31.4%**	31.4%
Mainland China	**N/A**	25%
Czech	**19%**	N/A

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current – Elsewhere	**35,422**	14,445
Deferred	**(2,314)**	(411)
Tax charge for the period	**33,108**	14,034

7. INCOME TAX (continued)

A reconciliation of the tax expense applicable to profit before tax at the Hong Kong statutory rate to the tax expense at the effective tax rate is as follows:

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit before tax	**141,568**	110,243
Income tax charge at Hong Kong statutory tax rate of 16.5%	**23,359**	18,190
Effect of different income tax rates for foreign operations	**3,426**	943
Tax losses not recognised as deferred tax assets	**4,614**	9,228
Income not subject to tax	**–**	(16,007)
Expenses not deductible for tax purposes	**1,709**	1,680
Tax charge at the effective rate	**33,108**	14,034

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

The calculation of the basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 5,763,612,942 (six months ended 30 June 2015: 4,758,588,876) in issue during the period.

No diluted earnings per share is presented for the six months ended 30 June 2016 and for the six months ended 30 June 2015 as the Company did not have any outstanding dilutive potential ordinary shares during the period and the prior period.

9. PROPERTY, PLANT AND EQUIPMENT

	30 June 2016 *HK$'000* (unaudited)	31 December 2015 *HK$'000* (audited)
At the beginning the period/year:		
Net carrying amount	**272,258**	331,572
Additions	**45,953**	60,047
Deconsolidation of subsidiaries	**–**	(52,293)
Depreciation provided during the period/year	**(20,920)**	(37,670)
Disposals	**(3,051)**	(4,089)
Exchange realignment	**(8,040)**	(25,309)
At the end the period/year:		
Net carrying amount	**286,200**	272,258

10. INVENTORIES

	30 June 2016 *HK$'000* (unaudited)	31 December 2015 *HK$'000* (audited)
Raw materials	**102,292**	112,563
Work in progress	**17,145**	18,127
Finished goods	**29,729**	33,545
	149,166	164,235
Provision for impairment	**(5,761)**	(9,363)
	143,405	154,872

10. INVENTORIES (continued)

The movements in the provision for impairment of inventories are as follows:

	30 June 2016 *HK$'000* **(unaudited)**	31 December 2015 *HK$'000* (audited)
At the beginning of the period/year	**(9,363)**	(18,250)
Deconsolidation of subsidiaries	**–**	8,735
Impairment losses reversed/(recognised), net *(note 5)*	**2,616**	(808)
Exchange realignment	**986**	960
At the end of the period/year	**(5,761)**	(9,363)

11. TRADE AND BILLS RECEIVABLES

	30 June 2016 *HK$'000* **(unaudited)**	31 December 2015 *HK$'000* (audited)
Trade and bills receivables	**463,443**	373,030
Impairment	**(1,219)**	(2,248)
Total	**462,224**	370,782

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

11. TRADE AND BILLS RECEIVABLES (continued)

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

	30 June 2016 *HK$'000* (unaudited)	31 December 2015 *HK$'000* (audited)
Within 3 months	**461,028**	368,487
3 months to 1 year	**878**	2,107
Over 1 year	**318**	188
	462,224	370,782

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

	30 June 2016 *HK$'000* (unaudited)	31 December 2015 *HK$'000* (audited)
At the beginning of the period/year	**(2,248)**	(4,341)
Deconsolidation of subsidiaries	**–**	1,914
Impairment losses reversed, net *(note 5)*	**956**	18
Exchange realignment	**73**	161
At the end of the period/year	**(1,219)**	(2,248)

Included in the provision for impairment of trade and bills receivables are provision for individually impaired trade receivables of HK$1,219,000 (31 December 2015: HK$2,248,000) with an aggregate carrying amount before provision of HK$2,415,000 as at 30 June 2016 (31 December 2015: HK$4,543,000). The individually impaired trade receivables relate to customers that were in unexpected financial difficulties. The Group does not hold any collateral or other credit enhancements over these balances.

11. TRADE AND BILLS RECEIVABLES (continued)

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

	30 June 2016 ***HK$'000*** **(unaudited)**	31 December 2015 *HK$'000* (audited)
Neither past due nor impaired	**461,028**	368,487
Past due but not impaired	**–**	–
	461,028	368,487

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

12. CASH AND CASH EQUIVALENTS

	30 June 2016 ***HK$'000*** **(unaudited)**	31 December 2015 *HK$'000* (audited)
Cash and bank balances denominated in:		
Euro ("EUR")	**338,684**	327,172
HK$	**175,921**	284,316
Great Britain Pound Sterling ("GBP")	**19,322**	24,685
United States dollar ("US$")	**14,424**	25,818
Polish Zloty ("PLN")	**5,972**	1,482
Czech Koruna ("CZK")	**27,589**	604
Renminbi ("RMB")	**6**	26
	581,918	664,103

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. There was no restricted cash as at 30 June 2016 and 31 December 2015.

The carrying amount of the cash and cash equivalents approximates to their fair value.

13. TRADE PAYABLES

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

	30 June 2016 *HK$'000* (unaudited)	31 December 2015 *HK$'000* (audited)
Within 3 months	**403,702**	365,820
3 to 6 months	**–**	192
6 to 12 months	**–**	71
Over 12 months	**264**	2,787
	403,966	368,870

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

14. BANK BORROWINGS

	Notes	**30 June 2016 *HK$'000* (unaudited)**	31 December 2015 *HK$'000* (audited)
Bank loans, unsecured	*(b)*	**37,993**	57,201
Analysed into, repayable:			
Within one year		**37,993**	57,201
Total bank borrowings	*(a)*	**37,993**	57,201
Portion classified as current liabilities		**(37,993)**	(57,201)
Non-current portion		**–**	–

14. BANK BORROWINGS (continued)

Notes:

(a) The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	30 June 2016	31 December 2015
	HK$'000	*HK$'000*
	(unaudited)	(audited)
US$	**37,993**	50,629
EUR	**–**	6,572
	37,993	57,201

(b) The bank loans as at 30 June 2016 and 31 December 2015 bore interest at a rate of 1 month LIBOR plus 2.20% per annum.

15. DEFINED BENEFIT OBLIGATIONS

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

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

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

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

	30 June 2016	31 December 2015
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Present value of unfunded obligations	**74,629**	73,642
Portion classified as current liabilities	**(825)**	(829)
Non-current portion	**73,804**	72,813

15. DEFINED BENEFIT OBLIGATIONS (continued)

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

	30 June 2016 *HK$'000* (unaudited)	31 December 2015 *HK$'000* (audited)
At the beginning of the period/year	**73,642**	74,061
Current service costs	**1,220**	5,119
Interest cost on benefit obligations	**900**	1,594
Benefits paid during the period/year	**(640)**	(785)
Re-measurement (profit) / loss recognised in other comprehensive income	**(932)**	1,395
Exchange realignment	**439**	(7,742)
At the end of the period/year	**74,629**	73,642

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

	Six months ended 30 June	
	2016 *HK$'000* (unaudited)	2015 *HK$'000* (unaudited)
Current service costs	**1,220**	1,102
Interest cost on benefit obligations	**900**	797
Net benefit expenses	**2,120**	1,899

16. SHARE CAPITAL

	30 June 2016 *HK$'000* (unaudited)	31 December 2015 *HK$'000* (audited)
Authorised:		
10,000,000,000 ordinary shares of HK$0.01 each	**100,000**	100,000
Issued and fully paid:		
5,760,666,688 (2015: 5,765,510,688) ordinary shares of HK$0.01 each	**57,607**	57,655

A summary of the movements in the Company's issued share capital during the six months ended 30 June 2016 is as follows:

		Number of ordinary shares in issue	**Issued capital** *HK$'000*	**Share premium account** *HK$'000*	**Total** *HK$'000*
At 31 December 2015 and 1 January 2016 (audited)		5,765,510,688	57,655	1,042,025	1,099,680
Repurchase of shares	*Note*	(4,844,000)	(48)	(984)	(1,032)
At 30 June 2016 (unaudited)		5,760,666,688	57,607	1,041,041	1,098,648

Note: The Company repurchased totally 4,844,000 ordinary shares during the six months ended 30 June 2016. The total payment for the repurchase of the shares was approximately HK$1,032,281 (including the transaction costs approximately HK$8,300). Further details of the repurchase of the shares were set out in the Company's next day disclosure returns dated 18 April 2016, 19 April 2016, 20 April 2016, 21 April 2016 and 22 April 2016.

17. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its property, plant and equipment under operating lease arrangements, with leases negotiated for terms ranging from one to five years (for the year ended 31 December 2015: one to five years).

At 30 June 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2016 **HK$'000** **(unaudited)**	31 December 2015 *HK$'000* (audited)
Within one year	**18,751**	15,700
In the second to fifth years, inclusive	**16,685**	11,431
	35,436	27,131

18. COMMITMENTS

In addition to the operating lease commitments detailed in note 17 above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2016 **HK$'000** **(unaudited)**	31 December 2015 *HK$'000* (audited)
Contracted, but not provided for:		
Plant and machinery	**52,282**	20,811

19. LITIGATION

As at 30 June 2016, the Group has the following outstanding litigation:

In December 2010, a court in the PRC had judged that various entities of the Group were liable for the repayment of overdue finance lease obligations plus related overdue interest charges in respect of various finance lease agreements entered into between Norstar Automobile Industrial Holding Limited and a plaintiff which was guaranteed by certain entities of the Group. In the opinion of the Directors, the plaintiff's claims shall be dealt with in the manner stipulated under the terms of the Schemes (as defined in the Company's 2015 annual report) and the Group's final restructuring as approved by the Schemes which was completed in January 2014. The Directors understand that the plaintiff is in discussion with the administrator of the Schemes to agree on the portion of secured liabilities in respect of such finance lease obligations to be borne by the Schemes, or the portion of secured liabilities can be determined based on the value of the relevant leased assets to be recovered by the plaintiff. The remaining portion of such finance lease obligations shall be treated as unsecured liabilities which shall be settled by the Schemes under pari passu terms with other creditors of the Schemes. The relevant leased assets were already derecognised from the Group's financial statements in 2014. The Directors are of view that the above court judgement shall not have any material adverse effect on the Group and no provision was made in respect thereof in the Group's interim condensed consolidated financial statements for the six months ended 30 June 2016.

20. CONTINGENT LIABILITIES

At 30 June 2016, the Group did not have any significant contingent liabilities.

21. RELATED PARTY DISCLOSURES

The related companies with which the Group had transactions and/or balances were as follows:

Name of the related companies	Relationship with the Group
BeijingWest Industries Co., Ltd ("BWI")	the intermediate holding company
BWI (HK)	the intermediate holding company
BWI Company Limited S.A.	a fellow subsidiary
BWI North America Inc.	a fellow subsidiary
BWI (Shanghai) Co., Ltd. ("BWI Shanghai")	a fellow subsidiary
Shougang Concord International Enterprises Company Limited ("Shougang Concord International")	an associate of the controlling shareholder
Beijing Shougang Automation Information Technology Co., Ltd. ("Shougang Automation")	a fellow subsidiary

(a) Transactions with related parties

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following material transactions with related parties during the period:

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Sales of goods to:		
BWI North America Inc.	**9,339**	8,308
BWI	**1,222**	2,341
BWI HK	**393**	723
	10,954	11,372

21. RELATED PARTY DISCLOSURES (continued)

(a) Transactions with related parties (continued)

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Technical services provided to:		
BWI North America Inc.	**43,956**	36,222
BWI	**7,177**	6,189
	51,133	42,411
Purchases of goods from:		
Shougang Automation	**1,607**	1,170
BWI	**378**	294
BWI North America Inc.	**14**	942
BWI Shanghai	**13**	21
	2,012	2,427
Management and technical services provided by:		
BWI North America Inc.	**98,593**	94,908
BWI	**7,565**	6,352
	106,158	101,260
Company secretarial service fee paid to:		
Shougang Concord International	**600**	600

In the opinion of the Directors, the above transactions arose from the ordinary course of the Group's business and were conducted in accordance with mutually agreed terms.

21. RELATED PARTY DISCLOSURES (continued)

(b) Balances with related parties

	Notes	30 June 2016 HK$'000 (unaudited)	31 December 2015 HK$'000 (audited)
Amounts due from fellow subsidiaries:	*(i)*		
BWI North America Inc.		**20,299**	18,513
BWI Company Limited S.A		**1,907**	1,947
		22,206	20,460
Amounts due from holding companies:	*(ii)*		
BWI		**68,115**	65,195
BWI (HK)		**–**	259
		68,115	65,454
Amounts due to fellow subsidiaries:	*(iii)*		
BWI North America Inc.		**34,392**	23,377
BWI Shanghai		**2**	33
Shougang Automation		**270**	827
		34,664	24,237
Amounts due to holding companies:	*(iv)*		
BWI (HK)		**86,331**	186,331
BWI		**2,955**	2,684
		89,286	189,015
Long term loan due to a holding company:	*(v)*		
BWI (HK)		**431**	424

21. RELATED PARTY DISCLOSURES (continued)

(b) Balances with related parties (continued)

Notes:

(i) The amounts due from fellow subsidiaries included in the Group's current assets are unsecured, interest-free and repayable within one year.

(ii) The amounts due from holding companies included in the Group's current assets are unsecured, interest-free and repayable within one year.

(iii) The amounts due to fellow subsidiaries included in the Group's current liabilities are unsecured, interest-free and repayable within one year.

(iv) The amounts due to holding subsidiaries included in the Group's current liabilities are unsecured, interest-free and repayable within one year.

(v) The long term loan due to a holding company included in the Group's non-current liabilities is unsecured, bears interest at a rate of 4.758% per annum and repayable in 2017.

The related party transactions disclosed above also constitute connected transactions as defined in Chapter 14A of the Listing Rules.

(c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Short term employee benefits	**3,341**	3,433
Pension scheme contributions	**151**	147
Total compensation paid to key management personnel	**3,492**	3,580

22. FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and liabilities of the Group as at 30 June 2016 and 31 December 2015 were loans and receivables, and financial liabilities stated at amortised cost, respectively.

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments are as follows:

	Carrying amounts		Fair values	
	30 June 2016 HK$'000 (unaudited)	31 December 2015 HK$'000 (audited)	**30 June 2016 HK$'000 (unaudited)**	31 December 2015 HK$'000 (audited)
Financial assets				
Trade and bills receivables	**462,224**	370,782	**462,224**	370,782
Financial assets included in prepayments, deposits and other receivables	**345**	–	**345**	–
Due from fellow subsidiaries	**22,206**	20,460	**22,206**	20,460
Due from holding companies	**68,115**	65,454	**68,115**	65,454
Cash and cash equivalents	**581,918**	664,103	**581,918**	664,103
	1,134,808	1,120,799	**1,134,808**	1,120,799
Financial liabilities				
Trade payables	**(403,966)**	(368,870)	**(403,966)**	(368,870)
Financial liabilities included in other payables and accruals	**(10,539)**	(11,383)	**(10,539)**	(11,383)
Due to fellow subsidiaries	**(34,664)**	(24,237)	**(34,664)**	(24,237)
Due to holding companies	**(89,286)**	(189,015)	**(89,286)**	(189,015)
Bank borrowings	**(37,993)**	(57,201)	**(37,993)**	(57,201)
Long term loan from a holding company	**(431)**	(424)	**(431)**	(424)
	(576,879)	(651,130)	**(576,879)**	(651,130)
Net	**557,929**	469,669	**557,929**	469,669

23. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief accountant. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief accountant. The valuation process and results are discussed with the senior management twice a year for financial reporting purposes.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Management has assessed that the fair values of the above short term financial instruments approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the long term financial instruments have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk as at 30 June 2016 and 31 December 2015 was assessed to be insignificant.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest bearing borrowings and cash and bank balances. The main purpose of these financial instruments is to support the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. Generally, the senior management of the Company meets regularly to analyse and formulate measures to manage the Group's exposure to these risks. In addition, the board of directors of the Company holds meetings regularly to analyse and approve the proposals made by the senior management of the Company. Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are recognised below.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from transactions in currencies other than the units' functional currency. The Group does not enter into any hedging transactions in order to reduce the Group's exposure to foreign currency risk.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the EUR exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). In the opinion of the Directors, as the currency exposures arising from possible changes in other currencies will not have any significant financial impact on the Group's equity, the relative sensitivity is not disclosed.

		Increase/(decrease) in profit before tax	
		Six months ended 30 June	
	Increase/ (decrease) in foreign exchange rate	**2016** **HK$'000** **(unaudited)**	2015 HK$'000 (unaudited)
If HK$ strengthens against EUR	10%	**(53,304)**	(18,000)
If HK$ weakens against EUR	(10%)	**53,304**	18,000

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equals to the carrying amounts of these instruments.

Since the Group only trades with third parties recognised to be creditworthy, no pledge of assets is required from customers. Concentrations of credit risk are managed by analysis by customer.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 11 to the financial statements.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations and bank and other borrowings.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities at the end of reporting period based on contractual undiscounted payments including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period.

	Within1 year *HK$'000*	**1 to 3 years** *HK$'000* (restated)	**Total** *HK$'000*
30 June 2016 (unaudited)			
Trade payables	**(403,966)**	**–**	**(403,966)**
Financial liabilities included in other payables and accruals	**(10,539)**	**–**	**(10,539)**
Due to holding companies	**(89,286)**	**–**	**(89,286)**
Due to fellow subsidiary	**(34,664)**	**–**	**(34,664)**
Bank borrowings	**(37,993)**	**–**	**(37,993)**
Long term loan from a holding company	**–**	**(451)**	**(451)**
	(576,448)	**(451)**	**(576,899)**
31 December 2015 (audited)			
Trade payables	(368,870)	–	(368,870)
Financial liabilities included in other payables and accruals	(11,383)	–	(11,383)
Due to holding companies	(189,015)	–	(189,015)
Due to fellow subsidiary	(24,237)	–	(24,237)
Bank borrowings	(57,201)	–	(57,201)
Long term loan from a holding company	–	(444)	(444)
	(650,706)	(444)	(651,150)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new ordinary shares or sell assets to reduce debt. No changes in the objectives, policies or processes for managing capital were made during the six months ended 30 June 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. Net debt is calculated as the total of trade payables, financial liabilities included in other payables and accruals, amounts due to fellow subsidiaries, amounts due to holding companies, a long-term loan from a holding company and bank borrowings and less cash and cash equivalents. Equity represents attributable to owners of the Company.

	30 June 2016 ***HK$'000*** **(unaudited)**	31 December 2015 *HK$'000* (audited)
Trade payables	**403,966**	368,870
Financial liabilities included in other payables and accruals	**10,539**	11,383
Due to holding companies	**89,286**	189,015
Due to fellow subsidiaries	**34,664**	24,237
Long-term loan from a holding company	**431**	424
Bank borrowings	**37,993**	57,201
Less: Cash and cash equivalents	**(581,918)**	(664,103)
Net debt	**(5,039)**	(12,973)
Equity	**879,142**	789,861
Net debt and equity	**874,103**	776,888
Gearing ratio	**(0.58%)**	(1.67%)

25. EVENT AFTER THE REPORTING PERIOD

In April 2016, the Group, BWI and BWI Shanghai (the "Target Company") entered into an agreement, under which the Group has conditionally agreed to (i) acquire 30% equity interest in the Target Company from BWI at an aggregate consideration of RMB52,000,000, and (ii) contribute additional capital in the amount of RMB74,000,000 to the Target Company, (collectively the "Transaction"). As at the date of this report, the Transaction was still subject to approval of relevant authorities and the consideration for the Transaction was not settled yet. Therefore, the management of the Group is of the view that the Transaction has not been completed and there was no impact on the unaudited interim condensed consolidated financial statements.

26. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 August 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL AND FINANCIAL REVIEW

During the six months ended 30 June 2016, BeijingWest Industries International Limited (the "Company") and its subsidiaries (collectively the "Group") involved in the manufacture and sale of automotive parts and components and trading of automotive parts and components.

The Group's automotive suspension products are mainly utilized on premium passenger vehicles, which are manufactured by reputable premium passenger vehicle manufacturers located in Europe. The Group developed and maintained strong relationships with its major customers and therefore developed an expertise on the manufacturing process for premium passenger vehicles and the technical requirements of automotive suspension products for premium passenger vehicles.

The Group purchases its raw materials mainly from Europe. It sources raw materials and components from suppliers that are selected based on certain factors, including, among others, the history of relationship with the Group, quality, price, delivery time, and after-sales services with respect to the raw materials and components. The Group maintains stable relationships with its major suppliers and does not rely on any single supplier for any given type of raw materials and components.

Revenue

The revenue of different business sectors for the six months ended 30 June 2016 and 2015 are summarized below:

	For the six months ended 30 June 2016 ***(HK$ million)***	For the six months ended 30 June 2015 *(HK$ million)*	Change *(%)*
Manufacture and sale of automotive controlled and passive suspension products	**1,455.80**	1,532.42	-5.0
Provision of technical services	**58.13**	52.52	10.68
Total	**1,513.93**	1,584.94	-4.48

OPERATIONAL AND FINANCIAL REVIEW (continued)

Revenue (continued)

The Group has been focusing on the manufacture and sale of automotive controlled and passive suspension products and provision of technical services in Europe. For the six months ended 30 June 2016, the Group recorded revenue of HK$1,455.80 million in manufacture and sale of automotive controlled and passive suspension products (six months ended 30 June 2015: HK$1,532.42 million), which slightly decreased when compared to the six months ended 30 June 2015 mainly because some of the products from the Luton factory have reached the final phase of the product lifecycles, which in turns had a slight effect on products' revenue, however, the decrease was partly offset by the increase in revenue from other products.

For the six months ended 30 June 2016, the Group also recorded HK$58.13 million in provision of technical services (six months ended 30 June 2015: HK$52.52 million).

Gross profit and gross profit margin

For the six months ended 30 June 2016, the overall gross profit and gross profit margin were HK$383.75 million and 25.35% respectively (six months ended 30 June 2015: HK$336.36 million and 21.22% respectively). Gross profit and gross profit margin improved mainly because of the change in products mix from major customers, in which the products sold during the six months ended 30 June 2016 have higher gross profit margin due to better functionality and better fixed costs utilization. Gross profit and gross profit margin also improved because of the continuous effort to improve the utilization of raw materials and production efficiency such that better than expected costs saving could be achieved.

Other income

Other income of the Group for the six months ended 30 June 2016 increased by 83.79% to HK$43.98 million (six months ended 30 June 2015: HK$23.93 million), the increase in other income was mainly because of the increase in exchange gain from operations.

Distribution and selling expenses

Distribution and selling expenses of the Group for the six months ended 30 June 2016 increased by 107.92% to HK$17.32 million (six months ended 30 June 2015: HK$8.33 million). Distribution and selling expenses mainly consisted of delivery expenses, salary and welfare for sales personnel and warranty expenses. Distribution and selling expenses increased mainly because of increase in warranty provision.

OPERATIONAL AND FINANCIAL REVIEW (continued)

Administrative expenses

Administrative expenses of the Group for the six months ended 30 June 2016 decreased by 3.07% to HK$118.20 million (six months ended 30 June 2015: HK$121.94 million). Administrative expenses mainly consisted of salaries for administrative staff and management services fee charged by related companies and the amounts remained stable for both periods.

Research and development expenses

Research and development expenses of the Group for the six months ended 30 June 2016 increased by 4.72% to HK$148.37 million (six months ended 30 June 2015: HK$141.68 million). Research and development expenses mainly consisted of salaries for technical staff and service fee charged by related companies and the amounts slightly increased mainly due to increase in service fee charged.

Finance costs

Finance costs of the Group for the six months ended 30 June 2016 decreased by 17.86% to HK$0.69 million (six months ended 30 June 2015: HK$0.84 million). Finance costs mainly represented interest on bank loans from a European subsidiary and finance costs decreased mainly due to decrease in short term loans during the period.

Profit for the period attributable to equity owners of the Company

For the six months ended 30 June 2016, the Group recorded a net profit of approximately HK$108.46 million (six months ended 30 June 2015: HK$96.21 million). The increase was mainly attributed to the improvement in gross profit and decrease in exchange loss resulted from operations during the period.

Net profit from core business recorded a significant increase for the six months ended 30 June 2016 after excluding non-recurring item (i.e. gain on deconsolidation of subsidiaries, net). This indicates that the Group's foundation in the suspension business is concrete despite the uncertainty in the European economy.

LIQUIDITY AND FINANCIAL RESOURCES

The Group was operating under a net cash inflow position for the six months ended 30 June 2016, in which net cash from operating activities amounted to HK$84.23 million (six months ended 30 June 2015: HK$12.38 million). As at 30 June 2016, the Group maintained cash and bank balances of HK$581.92 million (as at 31 December 2015: HK$664.10 million).

LIQUIDITY AND FINANCIAL RESOURCES (continued)

As at 30 June 2016, the Group had bank borrowings of HK$37.99 million (as at 31 December 2015: HK$57.20 million), which were all dominated in Euro ("EUR") and United States Dollar ("US$"). The bank borrowings as at 30 June 2016 borne interest at a rate of 1 Month LIBOR plus 2.20% per annum (as at 31 December 2015: 1 Month LIBOR plus 2.20% per annum). The Group's gearing ratio (measured as total bank borrowings over total assets) as at 30 June 2016 was 2.26% (as at 31 December 2015: 3.48%).

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

ENVIRONMENTAL, HEALTH AND SAFETY

The Group is dedicated to protecting the health of people, natural resources and the global environment, and has adopted the hazardous material control program and chemical material assessment procedures. The Group has obtained all necessary permits under applicable environmental protection laws in operation for its production facilities in Poland and the United Kingdom (the "UK").

The Group also emphasizes the health and safety of its employees and it is committed to providing a safe and healthy working environment for the benefit of its staff. It has adopted human resources policies which provide the health and safety initiatives that include: (i) identifying and communicating health and safety initiatives; (ii) monitoring trends in statistics for occupational injuries or illness; (iii) complying with health and safety regulations and; (iv) promoting incident reduction through investigation, assessments, corrective actions and proactive intervention. The Group has also complied with applicable social, health and work safety laws and regulations in all material aspects.

REVIEW AND PROSPECTS

During the six months ended 30 June 2016, the Group involved in the manufacture and sale of automotive parts and components and trading of automotive parts and components.

The Group relies on passenger vehicle manufacturers as customers or potential customers of its products, its financial performance largely depends on the continued growth of the automotive industry in Europe. Overall market demand for cars may be affected by factors such as regional economic market conditions, fuel price and end customers' expectations on future economy situation. These factors, which are beyond the Group's control, may affect the annual production of automobiles by passenger vehicle manufacturers, which may in turn affect the sales and profitability of the Group's products.

REVIEW AND PROSPECTS (continued)

Despite the prospective setback for the European economy following the UK voted to leave the European Union, gross profit of the Group still recorded growth for the six months ended 30 June 2016 when compared to the corresponding period, mainly due to increase in sales of products with higher gross profit margin to certain major customers, this enables the Group to sustain a healthy cash position and maintain the gearing ratio at a low level.

Even though the UK decided to leave the European Union after the Brexit vote, we are not aware of any observable softening in demand for the Group's products in the UK and Europe at the present time. The premium vehicle markets in the UK and Europe are not expected to have material fluctuations in the coming year despite the uncertainty in the UK and European economy. The Group will retain a focus on a production and technology-led business model in order to cope with the demands of the customers.

We believe that the technical expertise which the Group possesses, the long-term relationship developed with different premium vehicle manufacturers, as well as the understanding on the requirements of the premium vehicle manufacturers will enable us to maintain and capture market opportunities and develop controlled and passive suspension products that meet the technical requirements of the premium vehicle manufacturers. This provides a strong platform for the Group's long-term development.

The Group has maintained its investment on research and development when compared to prior period, this ensures the Group will be able to cope with the change in technology and enhance its competitiveness in the market. The automotive industry is evolving. In order to retain customers, the Group will continue to invest in research and development in order to cope better with the upcoming changes from the customers. The Group will also work hard to drive for innovative solutions and collaborate with various vehicle manufacturers on the visions of future mobility in terms of electronic mobile and autonomous driving.

The Company will also evaluate the operations and business structure of the Group with a view of improving long-term profitability and shareholders' value, which may include acquisition or streamlining of operations as appropriate. The Group will continue to evaluate potential acquisitions opportunities to strengthen its revenue base and improve its profitability, the Group will also enhance and streamline its existing business in order to ensure sustainable future development.

PLEDGE OF ASSETS

As at 30 June 2016 and 31 December 2015, there were no assets being pledged.

FOREIGN EXCHANGE EXPOSURE

The Group's transactions are mainly denominated in EUR and the local currencies of the places of operation, which include Polish Zloty ("PLN") and Great Britain Pound Sterling ("GBP"). Some transactions would also be denominated in US$. During the six months ended 30 June 2016, the Group did not have any material foreign exchange exposure.

CAPITAL AND OTHER COMMITMENTS

Save as disclosed in note 18 in the notes to financial statements, the Group and the Company has no other commitments as at 30 June 2016 and 31 December 2015.

CONTINGENT LIABILITIES

As at 30 June 2016, the Group and the Company did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2016, the Group had approximately 776 full-time employees, all of them were working in the Company and Company's subsidiaries in Europe (as at 30 June 2015: 742 full-time employees). During the six months ended 30 June 2016, the total employees' cost was HK$227.97 million (six months ended 30 June 2015: HK$231.17 million). Remuneration packages of the employees are determined by reference to the qualifications and experience of the employee concerned and are reviewed annually by management with reference to market conditions and individual performance. The Group offers a comprehensive and competitive remuneration, retirement scheme and benefit package to its employees. Discretionary bonus is offered to the Group's staff depending on their performance. The Group has defined benefit pension plans covering substantially all of its qualified employees in Poland, France and Germany. The Group has also adopted a mandatory provident fund scheme as required under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) for its employees in Hong Kong.

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2016 (2015: Nil).

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

During the six months ended 30 June 2016, the Company repurchased a total of 4,844,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of HK$1,023,988 (expenses excluded). The share repurchases were made with a view to enhance shareholders' interests. Details of the share repurchases are as follows:

Month of share repurchase	**Total number of shares repurchased**	**Highest price paid per share** *HK$*	**Lowest price paid per share** *HK$*	**Aggregate consideration** *(expenses excluded)* *HK$*
April 2016	4,844,000	0.216	0.203	1,023,988

All of the above repurchased shares were cancelled during the six months ended 30 June 2016.

Save as disclosed above, 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 six months ended 30 June 2016.

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

(a) Long positions in the shares and underlying shares of the Company

None of the Directors of the Company who held office at 30 June 2016 had any interests in the shares and underlying shares of the Company as at 30 June 2016 as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise 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").

(b) Long positions in the shares and underlying shares of Shougang Concord Grand (Group) Limited ("Shougang Grand"), an associated corporation of the Company

The Directors of the Company who held office at 30 June 2016 had the following interests in the shares and underlying shares of Shougang Grand, an associated corporation (within the meaning of Part XV of the SFO) of the Company, as at 30 June 2016 as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

Name of Director	Capacity in which interests were held	Number of shares/underlying shares in Shougang Grand: Interests in shares	Derivative interests*	Total interests	Interests as to % of the issued share capital of Shougang Grand as at 30.06.2016
Li Shaofeng	Beneficial owner	–	11,000,000	11,000,000	0.41%
Tam King Ching, Kenny	Beneficial owner	–	2,286,000	2,286,000	0.08%
Yip Kin Man, Raymond	Beneficial owner	–	2,286,000	2,286,000	0.08%

* *The interests are unlisted physically settled options.*

Save as disclosed above, as at 30 June 2016, 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) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

No right to subscribe for equity or debt securities of the Company has been granted by the Company to, nor have any such rights been exercised by, any Directors or chief executives (including their spouses or children under 18 years of age) during the six months ended 30 June 2016.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2016, according to the register kept by the Company under Section 336 of the SFO, the following companies 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 30.06.2016	*Notes*
Success Arrive Limited ("SAL")	Beneficial owner	1,462,478,156	25.38%	*1*
BWI Company Limited ("BWI HK")	Beneficial owner, Interest of a controlled corporation	3,018,425,728	52.39%	*1*
北京京西重工有限公司 (BeijingWest Industries Co., Ltd. *) ("BWI")	Interests of controlled corporations	3,018,425,728	52.39%	*1*
北京房山國有資產經營有限責任公司 (Beijing Fangshan State-owned Assets Management Co. Ltd. *) ("Beijing Fangshan")	Interests of controlled corporations	3,018,425,728	52.39%	*1*
首鋼總公司 (Shougang Corporation*)	Interests of controlled corporations	3,018,425,728	52.39%	*1*
Value Partners Group Limited ("Value Partners")	Interest of a controlled corporation	467,660,000	8.11%	*2*

* For identification purpose only

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

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

Notes:

1. SAL was a wholly-owned subsidiary of BWI HK which in turn was wholly owned by BWI. BWI was held as to 55.45% by Shougang Corporation and as to 44.55% by Beijing Fangshan. Accordingly, the interests held by SAL, BWI HK, BWI, Shougang Corporation and Beijing Fangshan were the same block of shares of the Company.

2. Value Partners indicated in its disclosure form dated 4 September 2015 (being the latest disclosure form filed up to 30 June 2016) that as at 1 September 2015, 467,660,000 shares of the Company were held by Value Partners Limited. Value Partners Limited was a wholly-owned subsidiary of Value Partners Hong Kong Limited which in turn was wholly owned by Value Partners.

Save as disclosed above, as at 30 June 2016, 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.

SHARE OPTIONS

On 6 June 2014, the shareholders of the Company adopted a new share option scheme (the "Share Options Scheme"), which would be valid for a period of ten years and became effective on 18 June 2014 upon the Listing Committee of the Stock Exchange granting its approval to the listing of, and permission to deal in, the shares of the Company which may fall to be issued upon exercise of the options to be granted under the Share Options Scheme.

No share option has been granted under the Share Options Scheme since its adoption. Accordingly, as at 30 June 2016, there was no share option outstanding under the Share Options Scheme.

AUDIT COMMITTEE

The Company has engaged the Auditor to assist the Audit Committee to review the 2016 interim results of the Group. A meeting of the Audit Committee was held with the Auditor and the management of the Company on 16 August 2016 for, amongst other things, reviewing the interim results of the Group for the six months ended 30 June 2016.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (the “CG Code”) during the six months ended 30 June 2016, except for the following deviations:

- Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

  Mr. Han Qing has resigned as Chairman of the Board with effect from 30 June 2016 due to his other engagements. Mr. Jiang Yunan, the Managing Director of the Company, took the role of the Chairman of the Board in replacement of Mr. Han Qing with effect from 30 June 2016. Since then, Mr. Jiang acts as both the Chairman and the Managing Director of the Company. In order to satisfy the requirement of the code provision A.2.1 of the CG Code, the Board will keep identifying suitable candidate in order to separate the roles of Chairman and Managing Director of the Company.

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

  The then Chairman of the Board, who was also the then chairman of the Nomination Committee of the Company, did not attend the annual general meeting of the Company held on 29 June 2016 (the “2016 AGM”) as he had another business engagement. The Managing Director of the Company, who took the chair of the 2016 AGM, and other members of the Board together with the chairmen of the Audit and Remuneration Committees and all other members of each of the Audit, Remuneration and Nomination Committees attended the 2016 AGM. The Company considers that the members of the Board and the Audit, Remuneration and Nomination Committees who attended the 2016 AGM were already of sufficient calibre and number for answering questions at the 2016 AGM.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as a code of conduct of the Company for Directors' securities transactions. Having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions throughout the six months ended 30 June 2016.

DISCLOSURE OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

The following is the change in the information of a Director since the date of the 2015 Annual Report of the Company, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

1. Mr. Jiang Yunan, the Chairman and Managing Director of the Company, became the chairman and president of BWI with effect from June 2016.

2. Mr. Leung Kai Cheung, an Independent Non-executive Director of the Company, is an independent non-executive director of HNA International Investment Holdings Limited, a Hong Kong listed company. The company name of HNA International Investment Holdings Limited has been changed to HNA Holding Group Co. Limited from 27 June 2016.

APPRECIATION

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

By Order of the Board
Jiang Yunan
Chairman and Managing Director

Hong Kong, 25 August 2016