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京西重工國際有限公司

BEIJINGWEST INDUSTRIES INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2339)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

The board of directors (the "Board") of BeijingWest Industries International Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016 with comparative figures for the financial year ended 31 December 2015. These final results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 HK$'000	2015 HK$'000 (restated)
REVENUE	*6*	**4,354,676**	4,774,239
Cost of sales		**(3,428,071)**	(3,880,021)
Gross profit		**926,605**	894,218
Other income and gains, net	*6*	**98,707**	78,255
Selling and distribution expenses		**(60,278)**	(41,583)
Administrative expenses		**(266,381)**	(276,341)
Research and development expenses		**(494,203)**	(476,515)
Other operating expenses, net		**(536)**	(19,776)
Finance costs	*9*	**(13,623)**	(18,932)
Gain on deconsolidation of subsidiaries, net	*8*	**–**	64,286
PROFIT BEFORE TAX	*7*	**190,291**	203,612
Income tax expense	*10*	**(44,895)**	(34,297)
PROFIT FOR THE YEAR		**145,396**	169,315
Attributable to:			
Owners of the Company		**107,910**	134,067
Non-controlling interests		**37,486**	35,248
		145,396	169,315
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (HK cents per share)	*11*	**18.73**	25.43

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	HK$'000	*HK$'000*
		(restated)
PROFIT FOR THE YEAR	**145,396**	169,315
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(82,880)**	(70,549)
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:		
Re-measurement loss on defined benefit plans	**(4,818)**	(930)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX	**(87,698)**	(71,479)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**57,698**	97,836
Attributable to:		
Owners of the Company	**31,759**	73,571
Non-controlling interests	**25,939**	24,265
	57,698	97,836

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	**2016** **HK$'000**	2015 HK$'000 (restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**552,150**	494,528
Prepaid land lease payments		**9,556**	10,859
Goodwill		**4,437**	6,157
Deferred tax assets		**38,542**	39,849
Contract performance deposits		**8,971**	9,263
Total non-current assets		**613,656**	560,656
CURRENT ASSETS			
Inventories		**289,793**	294,842
Trade and bills receivables	*13*	**877,553**	924,555
Prepayments, deposits and other receivables	*14*	**155,582**	145,387
Cash and cash equivalents		**517,674**	853,871
Total current assets		**1,840,602**	2,218,655
CURRENT LIABILITIES			
Trade payables	*15*	**718,585**	864,405
Other payables and accruals	*16*	**442,948**	465,761
Income tax payables		**18,675**	7,516
Bank borrowings		**208,482**	343,837
Defined benefit obligations		**710**	829
Provision		**51,788**	46,299
Total current liabilities		**1,441,188**	1,728,647
NET CURRENT ASSETS		**399,414**	490,008
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,013,070**	1,050,664

	Notes	2016 HK$'000	2015 HK$'000 (restated)
NON-CURRENT LIABILITIES			
Defined benefit obligations		**78,034**	72,813
Deferred tax liabilities		**9,681**	10,543
Loan from a holding company		**408**	424
Total non-current liabilities		**88,123**	83,780
NET ASSETS		**924,947**	966,884
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*17*	**57,434**	57,655
Reserves		**731,763**	802,969
		789,197	860,624
Non-controlling interests		**135,750**	106,260
Total equity		**924,947**	966,884

NOTES

1. CORPORATE AND GROUP INFORMATION

BeijingWest Industries International Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

As at 31 December 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 of the Company (the "Directors"), the ultimate holding company is Shougang Corporation, which is a state-owned enterprise established in the People's Republic of China ("PRC") and is supervised by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place and date of incorporation or registration /Place of operation	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
BWI France S.A.S.	France 13 August 2009	EUR2,002,500	–	100	Provision of research and technical services
BWI UK Limited	United Kingdom 16 June 2009	GBP5,938,975	–	100	Manufacture and sale of automotive parts and components
BWI Poland Technologies sp.z.o.o	Poland 12 March 2009	PLN55,538,150	–	100	Manufacture and sale of automotive parts and components
BWI Czech Republic s.r.o	Czech 20 May 2015	CZK140,000,000	–	100	Manufacture and sale of automotive parts and components
BWI (Shanghai) Co., Ltd. ("BWI Shanghai")	PRC 26 June 2009	RMB114,285,714	–	51	Manufacture and sale of automotive parts and components

During the year, the Group acquired BWI Shanghai from BeijingWest Industries Co., Ltd ("BWI"), the intermediate holding company of the Company. Further details of this acquisition are included in note 18 to this announcement.

The above table 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 net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements are prepared under the historical cost convention and are presented in Hong Kong dollars. All values are rounded to the nearest thousand except when otherwise indicated.

Pursuant to the agreement for the sale and purchase of shares of BWI Shanghai dated 15 April 2016 entered into between BWI and Billion Million (HK) Limited ("Billion Million", a wholly-owned subsidiary of the Company), Billion Million had completed the acquisition of 51% equity interest in BWI Shanghai (the "BWI Shanghai Acquisition") on 29 December 2016 at a consideration of HK$140,828,000, which was satisfied by cash payment.

In addition, BWI was entitled to the profit after taxes of BWI Shanghai for the period from 1 January 2016 to the last day of the calendar month immediately preceding the completion date of the BWI Shanghai Acquisition.

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

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases, except for the results of the subsidiaries acquired pursuant to the BWI Shanghai Acquisition, which have been consolidated since 23 January 2014 as mentioned above.

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

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

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

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11, HKFRS 14, amendments to HKAS 16 and HKAS 41, amendments to HKAS 27 (2011), and certain,the amendments included in the Annual Improvements 2012-2014 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

(a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income 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 of profit or loss. The amendments have had no significant impact on the Group's financial statements.

(b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

(c) Annual Improvements to HKFRSs 2012-2014 Cycle issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments are as follows:

- HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Group as the Group did not have any change in the plan of sale or disposal method in respect of the disposal group held for sale during the year.

3.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 No mandatory effective date yet determined but available for adoption

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

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet the employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The Group expects to adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

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

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for application now.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 January 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 January 2017.

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group expects to adopt the amendments from 1 January 2017.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Transfer of construction in progress to property, plant and equipment

Construction in progress is reclassified to appropriate category of property, plant and equipment when completed and ready for use. Thereafter, depreciation is calculated on a straight-line basis to write off the cost of such property, plant and equipment to its residual value over its estimated useful life. It requires management's judgement and estimation to determine when the project under construction is substantially ready for its intended use, i.e. when it is capable of commercial operation based on the overall assessment of trial operation results.

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 described below:

Useful lives and residual values of items of property, plant and equipment

The Group's management determines the estimated useful lives 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 of property, plant and equipment of similar nature and functions. Management will increase the depreciation charges where useful lives are less than previously estimated lives, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation charge in the future periods.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Management reassesses the estimation at the end of the reporting period.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Defined benefit plan

The Group has recognised the defined benefit pension plan as a liability. The Group's obligations are determined using actuarial valuations, which rely on various assumptions and conditions. The assumptions used in actuarial valuation reports include discount rates, the growth rate of the benefits and other factors. The deviation from the actual result and the actuarial result will affect the accuracy of related accounting estimates. Even though management is of the view that the above assumptions are reasonable, any changes in condition of assumptions will still affect the estimated liability amount of employee pension benefit obligations.

Impairment of trade and bills receivables

The policy for impairment of trade and bills receivables of the Group is based on the evaluation of collectability and the aging analysis of trade and bills receivables and on the judgement of the management. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of the customers. Management reassesses the estimation at the end of the reporting period.

Provision against obsolete inventories

Management reviews the condition of inventories of the Group at the end of the reporting period and makes provision against obsolete and slow-moving inventory items identified that are no longer suitable for use or sale. Management estimates the net realisable value for such inventories based primarily on the latest sales invoice prices and current market conditions. Management reassesses the estimation at the end of the reporting period.

Provision for warranties

Provision for product warranties granted by the Group is recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

5. OPERATING SEGMENT INFORMATION

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

Products and services

Revenue from external customers

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Product revenue	**4,214,159**	4,664,584
Technical services income	**140,517**	109,655
	4,354,676	4,774,239

Geographical information

(a) Revenue from external customers

	2016	2015
	HK$'000	*HK$'000*
		(restated)
United Kingdom	**1,158,808**	1,422,517
Germany	**631,768**	559,271
United States	**335,891**	339,598
Mainland China	**1,589,921**	1,853,461
Other countries	**638,288**	599,392
	4,354,676	4,774,239

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

(b) Non-current assets

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Poland	**180,330**	177,094
United Kingdom	**85,147**	96,585
Mainland China	**217,620**	222,270
Other countries	**92,017**	24,858
	575,114	520,807

The non-current asset 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 three of the Group's customers and were individually accounted for more than 10% of the Group's total revenue are as follows:

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Customer A	**1,035,119**	1,225,697
Customer B	**873,408**	1,173,529
Customer C	**346,766**	323,074
	2,255,293	2,722,300

6. REVENUE, OTHER INCOME AND GAINS

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:

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Revenue		
Sale of goods	**4,214,159**	4,664,584
Technical service income	**140,517**	109,655
	4,354,676	4,774,239
Other income		
Bank interest income	**2,919**	439
Profit from sale of scrap materials	**50,371**	50,482
Royalty income	**15,168**	10,130
Sales of raw materials	**296**	3,798
Foreign exchange differences, net	**16,442**	–
Others	**3,066**	5,331
	88,262	70,180
Gains		
Gain on disposal of items of property, plant and equipment	**3,524**	2,038
Government grants	**6,921**	6,037
	10,445	8,075
Other income and gains, net	**98,707**	78,255

7. PROFIT BEFORE TAX

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

	Notes	**2016** *HK$'000*	2015 *HK$'000* (restated)
Cost of inventories sold and services provided		**3,428,071**	3,880,021
Depreciation		**94,139**	91,002
Amortisation of prepaid land lease payments		**296**	199
Minimum lease payments under operating leases		**36,300**	61,403
Auditors' remuneration		**2,752**	3,691
Employee benefit expense (including directors' remuneration):			
Wages, salaries and benefits		**584,505**	595,817
Defined benefit obligation expenses		**4,189**	6,713
		588,694	602,530
Research and development costs		**494,203**	476,515
Less: Staff costs included as research and development cost		**(165,535)**	(163,369)
Research and development costs, net of staff costs		**328,668**	313,146
Gain on disposal of items of property, plant and equipment	*6*	**(3,524)**	(2,038)
(Reversal of impairment)/impairment of trade and bills receivables, net*	*13*	**(1,390)**	5,425
Provision against obsolete inventories**		**3,525**	1,783
Provision for warranties, net		**31,506**	14,871
Foreign exchange differences, net***		**(16,442)**	19,603

* The impairment amount of trade and bills receivables is included in "Administrative expenses" in the consolidated statement of profit or loss.

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

*** The foreign exchange gain is included in "other income and gains", and the foreign exchange loss was included in "other operating expenses" in the consolidated statement of profit or loss.

8. GAIN ON DECONSOLIDATION OF SUBSIDIARIES, NET

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

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

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

9. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Interest on bank loans and loan from a holding company	**13,623**	18,932

10. INCOME TAX

No provision for Hong Kong profits tax has been made for the year ended 31 December 2016 as the Group did not generate any assessable profits arising in Hong Kong during the year (year ended 31 December 2015: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates. The rates of tax prevailing in the countries in which the Group operates include:

	2016	2015
	(%)	*(%)*
		(restated)
Luxembourg	**21.00**	21.00
Poland	**19.00**	19.00
United Kingdom	**20.00**	20.25
France	**33.33**	33.33
Germany	**31.90**	31.90
Italy	**31.40**	31.40
Mainland China *(note (i))*	**15.00**	15.00
Czech	**19.00**	19.00

(i) In accordance with the relevant tax laws in the PRC, the subsidiary located in Mainland China is subject to a preferential coporate income tax rate of 15% on its taxable income for the year ended 31 December 2016 and 2015.

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Current – elsewhere	**48,188**	35,751
Deferred tax	**(3,293)**	(1,454)
Tax charge for the year	**44,895**	34,297

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, and a reconciliation of the Hong Kong statutory tax rate to the effective tax rate, are as follows:

	2016		2015	
	HK$'000	*%*	*HK$'000*	*%*
			(restated)	
Profit before tax	**190,291**		203,612	
Income tax charge at the Company's statutory tax rate of 16.5%	**31,398**	**16.5**	33,596	16.5
Effect of different income tax rates for foreign operations	**4,309**	**2.3**	4,526	2.2
Income not subject to tax	**–**	**–**	(10,227)	(5.0)
Expenses not deductible for tax purposes	**3,478**	**1.8**	2,405	1.2
Tax losses not recognised as deferred tax assets	**9,092**	**4.8**	2,716	1.3
Additional deduction of research and development expenses	**(4,197)**	**(2.2)**	(3,460)	(1.7)
Others	**815**	**0.4**	4,741	2.3
Tax charge at the effective rate	**44,895**	**23.6**	34,297	16.8

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 576,084,169 (2015 (adjusted): 527,298,384) in issue during the year.

The weighted average number of ordinary shares adopted in the calculation of basic earnings per share amounts for the year has been adjusted retrospectively to reflect the impact of share consolidation completed on 16 November 2016.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2016 and 2015 in respect of a dilution as the Group did not had any potential ordinary shares in issue during the years ended 31 December 2016 and 2015.

12. DIVIDENDS

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Proposed final dividend of HK$0.02 (2015: Nil) per share	**11,487**	–

On 23 March 2017, the board of directors of the Company proposed the payment of a final dividend of HK$0.02 per share for the year ended 31 December 2016 (2015: Nil) based on the issued share capital of the Company of 574,339,068 shares. The proposed final dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. TRADE AND BILLS RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Trade and bills receivables	**889,687**	939,093
Impairment	**(12,134)**	(14,538)
Total	**877,553**	924,555

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

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

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Within 3 months	**875,456**	867,352
3 months to 1 year	**1,532**	54,483
Over 1 year	**565**	2,720
	877,553	924,555

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

	2016	2015
	HK$'000	*HK$'000*
		(restated)
At beginning of the year	**(14,538)**	(11,794)
Deconsolidation of subsidiaries	**–**	1,914
Impairment losses reversed/(recognised), net *(note 7)*	**1,390**	(5,425)
Exchange realignment	**1,014**	767
At end of the year	**(12,134)**	(14,538)

Included in the provision for impairment of trade and bills receivables are provision for individually impaired trade receivables of HK$12,134,000 (2015: HK$14,538,000) with an aggregate carrying amount before provision of HK$26,333,000 (2015: HK$25,374,000). The individually impaired trade receivables relate to customers that were in unexpected financial difficulties. The Group does not hold any collateral or other credit enhancements over these balances.

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

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Neither past due nor impaired	**863,354**	913,719
Past due but not impaired:		
Less than 6 months past due	**–**	–
Over 6 months past due	**–**	–
	863,354	913,719

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

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Prepayments	**22,815**	11,744
Deposits and other receivables	**42,348**	44,314
Due from a fellow subsidiary	**21,088**	23,875
Due from holding companies	**69,331**	65,454
	155,582	145,387
Impairment	**–**	–
	155,582	145,387

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

	2016	2015
	HK$'000	*HK$'000*
		(restated)
At beginning of the year	**–**	(12,540)
Deconsolidation of subsidiaries	**–**	12,540
At end of the year	**–**	–

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

15. TRADE PAYABLES

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

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Within 3 month	**670,018**	832,125
3 to 6 months	**23,701**	20,511
6 to 12 months	**17,325**	2,692
Over12 months	**7,541**	9,077
	718,585	864,405

The trade payables are non-interest-bearing and are normally settled on term of 30 to 120 days.

16. OTHER PAYABLES AND ACCRUALS

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Other payables and accruals	**77,398**	56,130
Other tax payables	**42,552**	36,375
Accrued salaries, wages and benefits	**34,365**	29,201
Due to fellow subsidiaries	**85,307**	68,089
Due to holding companies	**117,553**	221,983
Dividends payables to BWI	**85,773**	53,983
	442,948	465,761

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

17. SHARE CAPITAL

	2016	2015
	HK$'000	*HK$'000*
Authorised:		
2,000,000,000 ordinary shares of HK$0.10 each (2015: 10,000,000,000 ordinary shares of HK$0.01 each)	**200,000**	100,000
Issued and fully paid:		
574,339,068 ordinary shares of HK$0.10 each (2015: 5,765,510,688 ordinary shares of HK$0.01 each)	**57,434**	57,655

Further details of the share consolidation and the increase in authorised share capital of the Company during the year were set out in the Company's circular dated 28 October 2016.

A summary of the movements in the Company's issued share capital during the years ended 31 December 2016 and 2015 is as follows:

	Notes	Number of ordinary shares in issue	Issued capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 January 2015		4,606,102,688	46,061	2,509,127	2,555,188
Issuance of the subscription shares	*(a)*	100,000,000	1,000	37,000	38,000
Share placement	*(b)*	1,100,000,000	11,000	503,000	514,000
Repurchase of shares	*(c)*	(40,592,000)	(406)	(11,300)	(11,706)
Transaction costs attributable to issue of shares	*(d)*	–	–	(12,890)	(12,890)
Reduction of share premium account to set off the accumulated losses	*(e)*	–	–	(1,982,912)	(1,982,912)
At 31 December 2015 and 1 January 2016		5,765,510,688	57,655	1,042,025	1,099,680
Repurchase of shares	*(c)*	(22,120,000)	(221)	(4,280)	(4,501)
Consolidation of shares	*(f)*	(5,169,051,620)	–	–	–
At 31 December 2016		574,339,068	57,434	1,037,745	1,095,179

Notes:

(a) Pursuant to a share subscription agreement entered into between the Company and China Review Property Group Limited (the "Subscriber") dated 23 April 2015, 100,000,000 new ordinary shares of the Company were allotted and issued to the Subscriber, which was wholly and beneficially owned by Mr. Mung Kin Keung ("Mr. Mung") who was a merchant on 11 May 2015, at a price of HK$0.38 per share for a total net cash consideration of HK$38,000,000. The Subscriber and Mr. Mung were third parties independent of the Company and its connected persons. Further details of the issue of new subscription shares were set out in the Company's announcements dated 24 April 2015 and 11 May 2015.

(b) Pursuant to a placing agreement entered into between the Company and a placing agent dated 24 April 2015, 300,000,000 new ordinary shares of the Company were placed to not less than six placees who and whose ultimate beneficial owners were third parties independent of the Company and its connected persons on 11 May 2015, at a placing price of HK$0.38 per placing share. The net proceeds from the placing were approximately HK$111,141,000. Further details of the share placement were set out in the Company's announcements dated 24 April 2015 and 11 May 2015.

Pursuant to another placing agreement entered into between the Company and a placing agent dated 4 June 2015, 800,000,000 new ordinary shares of the Company were placed to not less than six placees who and whose ultimate beneficial owners were third parties independent of the Company and its connected persons on 22 June 2015, at a placing price of HK$0.50 per placing share. The net proceeds from the placing were approximately HK$389,969,000. Further details of the share placement were set out in the Company's announcements dated 4 June 2015 and 22 June 2015.

(c) The Company repurchased a total of 40,592,000 ordinary shares during the year ended 31 December 2015. The total payment for the repurchase of the shares were approximately HK$11,706,000 (including the transaction costs approximately HK$36,000). Further details of the repurchase of the shares were set out in the Company's next day disclosure return dated 28 August 2015, 31 August 2015, 1 September 2015, 21 September 2015 and 21 December 2015.

The Company repurchased a total of 22,120,000 ordinary shares during the year ended 31 December 2016. The total payment for the repurchase of the shares was approximately HK$4,501,000 (including the transaction costs approximately HK$34,000). Further details of the repurchase of the shares were set out in the Company's next day disclosure return dated 18 April 2016, 19 April 2016, 20 April 2016, 21 April 2016, 22 April 2016, and 11 November 2016.

(d) Pursuant to the share placements as detailed in note (b) above, the transaction cost attributable to issue of shares was charged to share premium account with an amount of HK$12,890,000.

(e) The share premium account of the Company was reduced by an amount of approximately HK$1,982,912,000, equivalent to the accumulated losses of the Group and the credit arising therefrom was used to fully set off the accumulated losses as at 31 December 2014. Further details of which were set out in the Company's circular dated 26 May 2015.

(f) The Company consolidated every 10 issued and unissued ordinary shares of HK$0.01 each in the share capital of the Company into 1 ordinary share of HK$0.10 each (the "Share Consolidation") during the year. Further details of the Share Consolidation were set out in the Company's circular dated 28 October 2016.

18. BUSINESS COMBINATION UNDER COMMON CONTROL

On 29 December 2016, the Group completed the acquisition of 51% interest in BWI Shanghai from BWI, the intermediate holding company of the Company ("BWI Shanghai Acquisition"). BWI Shanghai was principally engaged in the manufacture and sale of automotive parts and components, and the provision of technical services in the PRC. The acquisition was made as part of the Group's strategy to expand its market share of industrial products in the PRC. The purchase consideration for the acquisition amounted to HK$140,828,000 in the form of cash, with HK$58,119,000 paid to BWI and HK$82,709,000 paid to BWI Shanghai as additional capital injection.

The Group has elected to measure the non-controlling interest in BWI Shanghai at the non-controlling shareholder's proportionate share of BWI Shanghai's identifiable net assets.

As detailed in note 2 to this announcement, the BWI Shanghai Acquisition was regarded as a business combination under common control and accounted for using the merger basis. The consolidated financial statements are prepared as if the BWI Shanghai Acquisition had completed on 23 January 2014, being the date BWI obtained control over the Company.

The carrying amounts of the assets and liabilities of BWI Shanghai as at the date of acquisition were as follows:

	Carrying amounts recognised
	HK$'000
Property, plant and equipment	214,786
Other intangible assets	2,834
Deferred tax assets	12,547
Inventories	124,843
Trade and bills receivables	524,656
Prepayments, deposits and other receivables	16,851
Cash and cash equivalents	154,938
Trade payables	(369,022)
Other payables and accruals	(126,915)
Income tax payables	(3,468)
Bank borrowings	(189,838)
Dividend payable	(92,708)
Provision	(19,747)
Deferred tax liabilities	(1,003)
Net carrying amounts recognised at acquisition	248,754
Non-controlling interests	(135,750)
Satisfied by:	
Cash	140,828
Merger reserve attributable to the acquisition of BWI Shanghai	(27,824)

The Group incurred transaction costs of HK$1,631,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

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

	HK$'000
Cash consideration	140,828
Eliminated capital injection	(82,709)
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	58,119

The consolidated financial statements were prepared as if the above business combinations had taken place on 23 January 2014. Since the BWI Shanghai Acquisition, BWI Shanghai contributed HK$1,600,613,000 to the Group's turnover and HK$37,584,000 to the consolidated profit for the year ended 31 December 2016.

19. COMMITMENTS

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

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Contracted, but not provided for:		
Plant and machinery	**81,753**	49,740

20. EVENTS AFTER THE REPORTING PERIOD

There is no material event after the reporting period.

FINAL DIVIDEND

The Board recommends a final dividend of HK2 cents per ordinary share for the year ended 31 December 2016 (2015: Nil) payable to shareholders whose names appear on the register of members of the Company at the close of business on Friday, 2 June 2017.

Subject to shareholders' approval of the proposed final dividend at the Company's annual general meeting to be held on Friday, 26 May 2017 (the "AGM"), the final dividend is expected to be paid on or about Friday, 18 August 2017. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 2 June 2017 for registration.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 22 May 2017 to Friday, 26 May 2017 (both days inclusive) to determine the entitlement to attend and vote at the AGM. During such period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 19 May 2017 for registration.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL REVIEW

The Group involved in the manufacture and sale of automotive parts and components and the trading of automotive parts and components. The core products of the Group are suspension products and brake products.

Suspension products

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

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

Brake products

The brake products of the Group have broad applications in both sedans and full-size sport utility vehicles. The Group is one of the leading suppliers in the People's Republic of China ("PRC") of automobile brake components and systems. Our customers include some of the world's largest automobile manufacturers with operations in the PRC as well as domestic automobile manufacturers. The Group has established its leadership status through its long-term presence in the PRC.

Regarding the brake operations, the Group procures raw materials, various electronic and mechanical components from various suppliers who strictly deliver within agreed lead time after the order has been placed. The raw materials and components procured would be carefully inspected before acceptance. Raw materials and key components will be processed by cutting, hardening, grinding, chroming, baking, refining and inspecting before being assembled into final products. To ensure the quality of the products, we have a professional quality control team to monitor the whole process.

FINANCIAL REVIEW

Revenue

The revenue of the Group's core business sectors for the years ended 31 December 2016 and 2015 are summarized as below:

	For the year ended 31 December 2016 ***(HK$ million)***	For the year ended 31 December 2015 *(HK$ million)* (restated)	Change (%)
Manufacture and sales of automotive controlled and passive suspension products	**2,638.96**	2,811.68	-6.14
Manufacture and sales of brake products in PRC	**1,575.20**	1,852.90	-14.99
Provision of technical services – suspension products	**119.17**	93.45	27.52
Provision of technical services – brake products	**21.35**	16.21	31.71
Total	**4,354.68**	4,774.24	-8.79

For the year ended 31 December 2016, the Group recorded revenue of HK$2,638.96 million in manufacture and sales of automotive controlled and passive suspension products (year ended 31 December 2015: HK$2,811.68 million), which slightly decreased when comparing to the year ended 31 December 2015 mainly because some products at Luton plant reached the final phase of the product lifecycles, which in turn had a slight impact on revenue. However, the decrease has been partly offset by the increase in revenue from other products.

For the year ended 31 December 2016, the Group recorded revenue of HK$1,575.20 million in manufacture and sales of brake products in the PRC (year ended 31 December 2015 (restated): HK$1,852.90 million), down by HK$277.70 million or 14.99% year-on-year, as a result of keen competition in the PRC market.

For the year ended 31 December 2016, the Group also recorded HK$119.17 million in provision of technical services in suspension products (year ended 31 December 2015: HK$93.45 million) and HK$21.35 million in provision of technical services in brake products (year ended 31 December 2015 (restated): HK$16.21 million).

Gross profit and gross profit margin

	For the year ended 31 December 2016		For the year ended 31 December 2015 (restated)		Change	
	Gross profit *(HK$ million)*	**Gross profit margin** *(%)*	Gross profit *(HK$ million)*	Gross profit margin *(%)*	Gross profit *(HK$ million)*	Gross profit margin *(%)*
Manufacture and sales of automotive controlled and passive suspension products, and provision of technical services in related products	**664.52**	**24.09**	623.04	21.45	41.48	2.64
Manufacture and sales of brake products in PRC, and provision of technical services in related products	**262.09**	**16.42**	271.18	14.51	-9.09	1.91
Total	**926.61**	**21.28**	894.22	18.73	32.39	2.55

For the year ended 31 December 2016, the gross profit and gross profit margin for the suspension products sector were HK$664.52 million and 24.09% respectively (year ended 31 December 2015: HK$623.04 million and 21.45% respectively). Both the gross profit and gross profit margin have been improved. It was mainly attributed to the change in products mix, in which more products with higher margin were sold. In addition, the improvement of utilization of raw materials, higher production efficiency and better fixed-cost control have a positive impact.

For the year ended 31 December 2016, the gross profit and gross profit margin for the brake products sector were HK$262.09 million and 16.42% respectively (year ended 31 December 2015 (restated): HK$271.18 million and 14.51% respectively). Gross profit margin also increased as a result of improvement of utilization of raw materials, higher production efficiency and better fixed-cost control.

Other income

Other income of the Group for the year ended 31 December 2016 increased by 26.13% to HK$98.71 million (year ended 31 December 2015 (restated): HK$78.26 million), which was mainly contributed by the increase in exchange gain from operations.

Distribution and selling expenses

Distribution and selling expenses of the Group for the year ended 31 December 2016 increased by 44.97% to HK$60.28 million (year ended 31 December 2015 (restated): HK$41.58 million) mainly due to an increase in warranty provision. Distribution and selling expenses mainly consisted of delivery expenses, salary and welfare for sales personnel and warranty expenses.

Administrative expenses

Administrative expenses of the Group for the year ended 31 December 2016 decreased by 3.60% to HK$266.38 million (year ended 31 December 2015 (restated): HK$276.34 million) mainly due to a decrease in management service fee. Administrative expenses mainly consisted of salaries for administrative staff and management service fee charged by related companies.

Research and development expenses

Research and development expenses of the Group for the year ended 31 December 2016 increased by 3.71% to HK$494.20 million (year ended 31 December 2015 (restated): HK$476.52 million) mainly due to an increase in service fee charged as a result of increased projects performed during the year. Research and development expenses mainly consisted of salaries for technical staff and service fee charged by related companies.

Finance costs

Finance costs of the Group for the year ended 31 December 2016 decreased by 28.05% to HK$13.62 million (year ended 31 December 2015 (restated): HK$18.93 million) attributed to a decrease in short term loans during the year. Finance costs represented interest on bank loans obtained by subsidiaries at Europe and the PRC.

Profit for the year attributable to equity owners of the Company

For the year ended 31 December 2016, profit for the year attributable to equity owners of the Company approximate to HK$107.91 million (year ended 31 December 2015 (restated): HK$134.07 million). If the gain on deconsolidation of subsidiaries in 2015 was excluded, which is non-recurring in nature, the profit for the year attributable to equity owners of the Company recorded an increase instead of decrease year-on-year, mainly attributed to the improvement in gross profit and foreign exchange gain resulted from operations during the year.

Net profit from core business also recorded a significant increase for the year ended 31 December 2016 after excluding a non-recurring item. This indicates that the Group's strength in the suspension and brake businesses are concrete despite the uncertainties in the European and global economies.

LIQUIDITY AND FINANCIAL RESOURCES

Our business requires a significant amount of working capital, which is primarily used to finance the purchase of raw materials, capital spending, research and development and other operating expenses. The working capital and other capital requirements were satisfied principally by cash generated from internal operations, and moderate level of bank loans as well. For the year ended 31 December 2016, the Group invested HK$68.30 million in the new manufacturing plant in Cheb, the Czech Republic and such investment was mainly financed by cash generated from internal operations.

The Group was operating in a net cash inflow position for the year ended 31 December 2016, with net cash from operating activities amounted to HK$202.37 million (year ended 31 December 2015 (restated): HK$248.89 million). As at 31 December 2016, the Group maintained cash and bank balances of HK$517.67 million (as at 31 December 2015 (restated): HK$853.87 million).

INDEBTEDNESS

As at 31 December 2016, the Group had bank borrowings of HK$208.48 million (as at 31 December 2015 (restated): HK$343.84 million), in which HK$18.64 million (as at 31 December 2015: HK$57.20 million) obtained by a subsidiary in Europe was denominated in Euro ("EUR") and United States Dollar ("US$") with an interest of 1 Month LIBOR plus 2.20% per annum (as at 31 December 2015: 1 Month LIBOR plus 2.20% per annum). The remaining bank borrowings of HK$189.84 million (as at 31 December 2015 (restated): HK$286.64 million) were denominated in Renminbi ("RMB"), with an interest of 4.13% to 4.35% per annum (as at 31 December 2015 (restated): 4.18% to 4.79% per annum). The Group's gearing ratio (measured as total bank borrowings over total assets) as at 31 December 2016 was 8.49% (as at 31 December 2015 (restated): 12.34%).

The Company would keep closely monitoring the financial and liquidity position of the Group, and make appropriate financing strategy for the Group in accordance with the change of the financial market from time to time.

PLEDGE OF ASSETS

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

FOREIGN EXCHANGE EXPOSURE

The Group's transactions are mainly denominated in EUR and the local currencies of our operations, which include Polish Zloty ("PLN"), Great Britain Pound Sterling ("GBP"), Czech Koruna ("CZK") and RMB. Some transactions would also be denominated in US$. During the year ended 31 December 2016, the Group did not have any material foreign exchange exposure.

CAPITAL AND OTHER COMMITMENTS

Save as disclosed in note 19 in this announcement, the Group and the Company had no other commitments as at 31 December 2016 and 2015.

CONTINGENT LIABILITIES

As at 31 December 2016, the Group and the Company did not have any significant contingent liabilities.

OTHER INFORMATION

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 programs and chemical material assessment procedures. The Group has obtained all necessary permits under applicable environmental protection laws for its production facilities.

The Group's operation in the PRC has also abided by the current environmental laws relating to emissions to land, air and water and waste production from its production facilities. Various hazardous material control programs and chemical material assessment procedures have also been adopted to meet the applicable legal requirements.

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 benefits of its staff. It has adopted human resources policies which provide the health and safety initiatives such as: (i) identifying and communicating health and safety initiatives; (ii) monitoring trends in statistics for occupational injuries or illnesses; (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 year under review, the Group involved in the manufacture and sale of automotive parts and components and trading of automotive parts and components in Europe and the PRC. It has acquired BWI (Shanghai) Co., Ltd., one of the leading automobile brake products manufacturers in the PRC, the automobile brake products of which have broad applications in both sedans and full-size sport utility vehicles.

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

Even though the United Kingdom ("UK") decided to leave the European Union after the Brexit vote, we have not observed a softening in demand for the Group's products in the UK and Europe for the time being. It is not expected that the premium vehicle markets in the UK and Europe would have any fluctuations in the coming year despite the uncertainty in the UK and European economy. The Group insists on focusing on a production and technology-led business model in order to satisfy the needs of our customers.

It is highly competitive for the auto parts industry in the PRC market. Automobile manufacturers rigorously evaluate their suppliers based on a diverse set of criteria such as quality, cost competitiveness, product performance, reliability and timeliness of delivery, technology, flexibility of operations, customer service and overall management capability. The Company believes that our operations in the PRC enjoys a competitive advantage over other leading auto parts suppliers. The Group's strategic objective in this sector is to further strengthen its leadership position in the automobile brake products industry in the PRC, especially in providing controlled brake systems and related technical services.

The Group has accumulated extensive technical knowledge and developed a high degree of technical expertise with a consistent focus on research and development. We believe that our technical expertise, the long-term relationship with different vehicle manufacturers, as well as the well-understanding of the requirements of the vehicle manufacturers will enable us to capture more market opportunities and develop products that meet the technical requirements of the vehicle manufacturers. It would be a strong support for the Group's long-term development.

The Group believes that the continuing investment on research and development as well as engineering activities is vitally significant for the Group to maintain and improve its leadership position in the industry. It would contribute greatly to the improvement of the Group's competitiveness over other competitors. Meanwhile, it keeps evolving in the automotive industry, with more changes from the customers. To keep pace with our customers, the group will endeavor to collaborate closely with the vehicle manufacturers and develop innovative solutions to better serve our customers.

With a view to improve long-term profitability and shareholders' value, the Company will also seriously evaluate and review the business of the Group, and optimize the business structure of the Group by acquisition or restructuring of operations appropriately. In addition, the Group will continue to seek potential acquisition opportunities in both the PRC and abroad to strengthen its revenue base and improve its profitability.

Employees and Remuneration Policy

As at 31 December 2016, the Group had approximately 1,610 full-time employees, of which 850 were working in the Company's subsidiary in the PRC and 760 were working in the Company and Company's subsidiaries in Europe (as at 31 December 2015: 852 full-time employees working in the PRC, 745 full-time employees working in the Company and Company's subsidiaries in Europe). During the year ended 31 December 2016, the total employees' cost was HK$588.69 million (year ended 31 December 2015 (restated): HK$602.53 million). Remuneration packages of the employees are determined by reference to the qualifications and experience of the employee concerned and are reviewed annually by the 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, as well as retirement benefits plans under respective laws and regulations in the PRC.

SHARE CAPITAL

At the extraordinary general meeting held on 16 November 2016, the shareholders of the Company has approved (i) consolidation of the shares of the Company (the "Share Consolidation") whereby every ten (10) ordinary shares of HK$0.01 each in the share capital of the Company would be consolidated into one (1) ordinary share of HK$0.10 each (the "Consolidated Shares"); and (ii) subject to the Share Consolidation becoming effective, increase of authorised share capital of the Company from HK$100,000,000.00 divided into 1,000,000,000 Consolidated Shares to HK$200,000,000.00 divided into 2,000,000,000 Consolidated Shares by creation of additional 1,000,000,000 Consolidated Shares (the "Increase in Authorised Share Capital"). The Share Consolidation and Increase in Authorised Share Capital became effective on 17 November 2016. Further details were set out in the circular of the Company dated 28 October 2016.

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

During the year, the Company repurchased a total of 22,120,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of HK$4,467,040 (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**	**Lowest price paid per share**	**Aggregate consideration** *(expenses excluded)*
		HK$	*HK$*	*HK$*
April 2016	4,844,000	0.216	0.203	1,023,988
November 2016	17,276,000	0.205	0.195	3,443,052
	22,120,000			4,467,040

All of the above repurchased shares were cancelled during the year.

The above repurchases took place before the Share Consolidation. Save as the above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities on the Stock Exchange or otherwise during the year.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied 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 during the financial year ended 31 December 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 resigned as Chairman of the Board from 30 June 2016 due to his other engagements. Mr. Jiang Yunan, the then Managing Director of the Company, took the role of the Chairman of the Board in replacement of Mr. Han Qing from 30 June 2016. Since then, Mr. Jiang acted as both the Chairman and the Managing Director of the Company. In order to satisfy the requirement under code provision A.2.1 of the CG Code, Mr. Chen Zhouping was appointed as the Managing Director of the Company from 1 September 2016 and Mr. Jiang ceased to act as the Managing Director of the Company from the same date but remains as the Chairman of the Board.

- 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.

  Mr. Han Qing, the then chairman of the Board and 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 then Managing Director of the Company, Mr. Jiang Yunan took the chair of the 2016 AGM. Other members of the Board including the chairmen of the Audit and Remuneration Committees and all other members of the Audit, Remuneration and Nomination Committees also 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 caliber and number for answering questions at the 2016 AGM.

Details of the Company's compliance with the provisions of the CG Code during the year will be set out in the Corporate Governance Report in the Company's 2016 annual report.

APPRECIATION

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

By Order of the Board
BeijingWest Industries International Limited
Jiang Yunan
Chairman

Hong Kong, 23 March 2017

As at the date of this announcement, the Board comprises Mr. Jiang Yunan (Chairman), Mr. Chen Zhouping (Managing Director), Mr. Li Shaofeng (Executive Director), Mr. Qi Jing (Executive Director), Mr. Thomas P Gold (Executive Director), Mr. Zhang Yaochun (Non-executive Director), Mr. Tam King Ching, Kenny (Independent Non-executive Director), Mr. Leung Kai Cheung (Independent Non-executive Director) and Mr. Yip Kin Man, Raymond (Independent Non-executive Director).