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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)

SUPPLEMENTAL ANNOUNCEMENT
EXCEEDED ANNUAL CAP OF CONTINUING CONNECTED TRANSACTION IN RELATION TO EXISTING MUTUAL TECHNICAL SERVICES AGREEMENT

Reference is made to the announcement of BeijingWest Industries International Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 24 March 2025, in relation to the actual transaction amount of the Existing Mutual Technical Services Agreement for the BWI Services for the year ended 31 December 2024 exceeded the Original Annual Cap (the "**Announcement**"). Unless otherwise defined, capitalized terms used in this announcement shall have the same meaning as those defined in the Announcement.

The Board wishes to provide further information on (i) the background of exceeding the annual cap for the BWI Services for the year ended 31 December 2024 under the Existing Mutual Technical Services Agreement (the "**Incident**"), and (ii) enhanced internal control measures (the "**Enhanced Internal Control Measures**"), in respect of its continuing connected transactions.

BACKGROUND OF THE INCIDENT

Before adopting the Enhanced Internal Control Measures, the Company adopted the following internal control procedures and policies (the "**Previous Internal Control Measures**") for monitoring the actual transaction amounts of the continuing connected transactions within the Group:

1. One of the key staff in the finance department of the Company (the "**Finance Department**") conducts a quarterly review and monitors the continuing connected transactions between the Group and BWI and/or its associates to ensure that the pricing mechanism and annual caps remain in compliance with the terms of the agreements of the continuing connected transactions;

2. as part of the above procedures, such personnel in the Finance Department also calculates the ratio of actual transaction amounts against their corresponding annual caps for the continuing connected transactions quarterly. Should the actual transaction amount reach specific thresholds of the annual caps – namely 25% in the first quarter, 50% in the second quarter, or 75% in the third quarter, the Finance Department anticipates that business operations may expand and consume a significant portion of the annual caps in the short term, the matter would be promptly escalated to the Board; and

3. upon escalation, the Board would assess whether the existing annual caps require revision. If revision is deemed necessary, the Board would adjust the annual caps in accordance with the Company's internal procedures and ensure re-compliance with the requirements of the Listing Rules, thereby maintaining effective oversight of the transaction amounts.

On 21 January 2025, the Finance Department received a preliminary summary of continuing connected transactions of the Group extracted from the SAP System of the members of the Group covering the period between 1 January 2024 and 31 December 2024. During the review, it was discovered that the actual transaction amount of the Existing Mutual Technical Services Agreement for the BWI Services for the year ended 31 December 2024 exceeded the Original Annual Cap. Upon finalizing such actual transaction amount from the members of the Group on 28 February 2025, based on the summary of ongoing continuing connected transactions after the subsidiaries submitted their reporting packages for consolidation, it was revealed that the actual transaction amount of the Existing Mutual Technical Services Agreement for the BWI Services, subsequently audited, amounted to HK$197.9 million for the year ended 31 December 2024, which is higher than the original annual cap of HK$165.5 million for the Existing Mutual Technical Services Agreement for the BWI Services. For the first three quarters of 2024, the transaction amount for the BWI Services remained below 75% of the Original Annual Cap. However, the transaction amount in the fourth quarter of 2024, surged by approximately 98% compared to the average quarterly transaction amount for the preceding three quarters. The calculation of the BWI Services transaction amount depended significantly on data provided by BWI and members of the Group. Under the Previous Internal Control Measures, there are no adequate measures in place to timely detect such a substantial increase that occurred in the fourth quarter of 2024. In view of this internal control weakness, the Company is actively addressing this by implementing the Enhanced Internal Control Measures to ensure compliance with the Listing Rules going forward.

ENHANCED INTERNAL CONTROL MEASURES

The Group will arrange regular trainings for employees who are at managerial level to strengthen their familiarity with the Listing Rules and enhance their awareness of compliance with the relevant internal control procedures relating to the Group's continuing connected transactions. The first training has been arranged in November 2025. In addition, the Company has also implemented the following Enhanced Internal Control Measures to further enhance and strengthen its internal control in respect of the Group's continuing connected transactions:

(a) The Company has designated dual personnel who are familiar with the Group's continuing connected transactions (the "**Dual Personnel**"), in the Finance Department to closely monitor the actual transaction amounts, ensuring timely collection and consolidation of information from various members of the Group. The Dual Personnel also serves as a key liaison, facilitating effective communication by setting up a dedicated communication channel to streamline interactions between the members of the Group and the management of the Company, while overseeing the timely submission and accuracy of the financial data. In the event that either of the Dual Personnel resigns, ceases to perform his/her duties or takes leave of absence from the Company, the Company will, as soon as practicable, delegate the relevant duties to another suitably qualified individual who is familiar with the Group's continuing connected transactions to assume the relevant role and responsibilities, thereby ensuring no interruption to the monitoring of such transactions;

(b) The members of the Group maintains proper transaction data on a monthly basis. BWI is required to submit the transaction data to the members of the Group at the end of the month and the members of the Group are required to submit their monthly financial data with BWI to the Company within five working days from the month end. The Dual Personnel will be responsible for incorporating the monthly financial data into the annual budget for the Group's continuing connected transactions to prepare an updated annual budget (the "**Updated Budget Figure**") that accumulates the actual monthly data of the Group's continuing connected transactions from the beginning of the year and the budgeted figures for the remaining months of the year which are subject to review on a monthly basis. The Dual Personnel will review the Updated Budget Figure and compare it against the original annual budget on a monthly basis. Such Updated Budget Figure will also be served as an escalation point (i.e. 80% of the proposed annual cap) to preempt delays, with the Dual Personnel responsible for issuing notifications and following up as needed. In the event that the members of the Group misses a submission deadline or submits incomplete data, one of the Dual Personnel will take swift intervention within one business day. If delays persist, one of the Dual Personnel will escalate the matter to the Board for further action;

(c) Drawing on the monthly financial reports submitted by the Group's members, one of the Dual Personnel will compile a concise summary of financial data, while the other will subsequently review for accuracy and compliance. Should one of the Dual Personnel be absent or unavailable, the other will assume the same responsibilities. This will enable monthly assessment and review of the transaction amounts for continuing connected transactions, even if one individual is absent or unavailable; and

(d) Upon receiving the financial data, the Dual Personnel will calculate the ratio of the Updated Budget Figure to their corresponding annual caps for the continuing connected transactions within ten working days from the month end. If the Updated Budget Figure reaches 80% of the proposed annual caps of the relevant continuing connected transactions at any time or if the Dual Personnel expects that the relevant business operations will expand and may use up a substantial part of the annual caps in short run, the matter shall promptly be escalated to the Board for determining appropriate measures, the Board will, within three business days, determine the appropriate actions and assess if there is a need to revise the existing annual caps, and if so, revise the annual caps in accordance with the relevant internal procedures of the Company and re-comply with the requirements under Rule 14A.54 of the Listing Rules. If it is contemplated that the relevant annual cap will be exceeded as a result of entering into any continuing connection transaction, such transaction will not be conducted until the Company has complied with the relevant requirements under the Listing Rules.

These Enhanced Internal Control Measures have been integrated into the Group's existing procedures and policies governing all of its ongoing continuing connected transactions. The updated measures have been circulated to the Group's employees in July 2025, particularly those at the managerial level, to ensure they remain informed of the revised procedures.

Having considered (i) the factors contributing to the Incident, and (ii) how the aforementioned Enhanced Internal Control Measures address these causes while fortifying the Company's existing internal control framework, the Directors are of the view that the Enhanced Internal Control Measures mentioned above are adequate and effective to prevent the occurrence of similar incidents in the future.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BWI and its associates are interested as to approximately 61.75% of the issued share capital of the Company and is the controlling shareholder of the Company. Accordingly, BWI is a connected person of the Company and the transactions between the Group and BWI and/or its associates under the Existing Mutual Technical Services Agreement constitute continuing connected transactions for the Company under the Listing Rules.

The Actual Transaction Amount had exceeded the Original Annual Cap of HK$165.5 million for the year ended 31 December 2024. As the highest applicable percentage ratios for the Actual Transaction Amount had exceeded 5%, the transactions under the Existing Mutual Technical Services Agreement therefore constituted continuing connected transactions of the Company which would be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As a result, the Company has failed to re-comply with the announcement and independent shareholders' approval requirements before the Original Annual Cap was exceeded under Rule 14A.54 of the Listing Rules.

Nevertheless, the Group has taken all reasonable steps to rectify the Incident under Chapter 14A of the Listing Rules and avoid re-occurrence of similar non-compliances, including: (i) implementing the Enhanced Internal Control Measures to ensure compliance with the Listing Rules requirements; (ii) proactively submitting formal submissions to the Stock Exchange regarding the Incident; and (iii) undertaking to continue complying with the reporting and annual review requirements and to make appropriate disclosures in the Company's future annual reports in accordance with the applicable Listing Rules.

Having considered that (i) the Group has taken all reasonable steps as aforementioned to rectify the Incident; (ii) the transactions contemplated under the Existing Mutual Technical Services Agreement were conducted in the ordinary and usual course of business of the Group; and (iii) the Company had entered into the new master agreement with BWI Group Limited, the holding company of BWI, on 10 November 2025 in relation to the mutual provision of technical services (the "**New Mutual Technical Services Agreement**") with substantially the same terms as the Existing Mutual Technical Services Agreement and the new annual caps for the three financial years ending 31 December 2028 under the New Mutual Technical Services Agreement had been approved by the independent shareholders of the Company, the Company does not intend to despatch a circular or convene any general meeting of the Company in this regard.

By Order of the Board
BeijingWest Industries International Limited
Dong Xiaojie
Chairman

28 January 2026

As at the date of this announcement, the Board comprises Mr. Dong Xiaojie (Chairman), Mr. Liu Xihe (Executive Director), Dr. Xi Jianpeng (Executive Director), Mr. Wong Foreky (Independent Non-executive Director), Mr. Lo, Gordon (Independent Non-executive Director) and Ms. Peng Fan (Independent Non-executive Director).