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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)

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

References are made to (i) the 2022 Announcement, and (ii) the 2022 Circular, in relation to, among other things, the continuing connected transactions contemplated under the Existing Mutual Technical Services Agreement.

During the process of preparing the Company's consolidated financial statements for the year ended 31 December 2024, it was revealed that the actual transaction amount of the Existing Mutual Technical Services Agreement for the BWI Services amounted to approximately HK\$197.9 million (unaudited) for the year ended 31 December 2024, which exceeded the Original Annual Cap of HK\$165.5 million.

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 Chapter 14A of the Listing Rules.

The Company had taken additional measures to prevent the reoccurrence of similar breaches of the Listing Rules in the future. For details, please refer to the paragraph headed "Enhanced Internal Control Measures" in this announcement.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Existing Mutual Technical Services Agreement have been, and will continue to be, conducted in the ordinary and usual course of business and on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Also, the terms of the Existing Mutual Technical Services Agreement were determined after arm's length negotiations and are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INTRODUCTION

References are made to (i) the 2022 Announcement, and (ii) the 2022 Circular, in relation to, among other things, the continuing connected transactions contemplated under the Existing Mutual Technical Services Agreement. As disclosed, pursuant to the Existing Mutual Technical Services Agreement, BWI and/or its associates will provide the BWI Services to the Group and the Group will provide the Company Services to BWI and/or its associates.

The technical services comprise engineering services and manufacturing services. The engineering services include advanced development engineering services and applications engineering services. Advanced development engineering services refer to the engineering services that demonstrate the feasibility of technologies to be applied to future products or manufacturing process, prove the ability to reliably design the process and product features needed for potential customer programs, and include technologies that are not embedded in any existing products. Applications engineering services refer to the services provided to the manufacturing plant to make the automotive parts produced in the manufacturing plant usable and applicable to end customers in local market by calibrating the standard part products according to specific customers' requirements and local market requirements. Manufacturing services refer primarily to quality control and manufacturing administration services.

EXCEEDED THE ANNUAL CAP FOR THE BWI SERVICES FOR THE YEAR ENDED 31 DECEMBER 2024 UNDER THE EXISTING MUTUAL TECHNICAL SERVICES AGREEMENT

As disclosed in the 2022 Announcement and the 2022 Circular, the annual cap in respect of the fees for the BWI Services for the year ended 31 December 2024 was HK\$165.5 million.

During the process of preparing the Company's consolidated financial statements for the year ended 31 December 2024, it was revealed that the actual transaction amount of the Existing Mutual Technical Services Agreement for the BWI Services amounted to approximately HK\$197.9 million (unaudited) for the year ended 31 December 2024, which exceeded the Original Annual Cap of HK\$165.5 million.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Existing Mutual Technical Services Agreement have been, and will continue to be, conducted in the ordinary and usual course of business and on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Also, the terms of the Existing Mutual Technical Services Agreement were determined after arm's length negotiations and are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

REASONS FOR EXCEEDED THE ANNUAL CAP FOR THE BWI SERVICES FOR THE YEAR ENDED 31 DECEMBER 2024 UNDER THE EXISTING MUTUAL TECHNICAL SERVICES AGREEMENT

The Actual Transaction Amount exceeded the Original Annual Cap, largely driven by an increase in research and development activities mainly for the research and development of the Group's new automotive braking products in the financial year of 2024.

The Company had since then strengthened the training to the Directors, senior management and the finance department on the Listing Rules requirements of connected transactions, and implemented additional measures to ensure compliance with the Listing Rules going forward. For details, please refer to the paragraph headed "Enhanced Internal Control Measures" in this announcement.

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 Chapter 14A of the Listing Rules.

The Company had taken additional measures to prevent the reoccurrence of similar breaches of the Listing Rules in the future. For details, please refer to the paragraph headed "Enhanced Internal Control Measures" in this announcement.

ENHANCED INTERNAL CONTROL MEASURES

In order to ensure the Company's compliance with the applicable Listing Rules requirements going forward and with a view to preventing such event from reoccurring, the Company has taken the following measures to further enhance and strengthen its internal control in respect of its continuing connected transactions:

- (a) the Company will arrange on a regular basis additional trainings for its employees, including the business operation, finance, and company secretarial departments, to strengthen their familiarity of the Listing Rules and enhance their awareness of the compliance with the relevant internal control procedures relating to the Group's continuing connected transactions;
- (b) the Group will promote and facilitate effective communication between its different departments and between members of the Group, and specifying the data collection process, so as to assure all necessary requirements of the Listing Rules are complied with; and

- (c) all members of the Group will be required to report to the finance department of the Company which will closely monitor, the actual transaction amounts relating to its continuing connected transactions on a regular basis. If the actual transaction amount reaches 80% of the proposed annual caps of the relevant continuing connected transactions at any time, the matter shall be escalated to the financial controller of the Company, who will seek advice from the Audit Committee and the Board for appropriate measures, including but not limited to revising the relevant proposed annual caps in accordance with the requirements of the Listing Rules, if necessary.

The Directors are of the view that the above enhanced internal control measures could strengthen the internal control procedures of the Company and effectively prevent the occurrence of similar events in the future.

INFORMATION OF THE PARTIES

The Group is principally engaged in the manufacturing, sale and trading of automotive parts and components, as well as provision of technical services in Europe. As at the date of this announcement, BWI is held as to 84.34% by BWSM. The largest shareholder of BWSM is Zhangjiakou Industrial Investment Holding Group Co. Ltd.* (張家口產業投資控股集團有限公司) (“**Zhangjiakou Industrial Investment**”) (formerly known as Zhangjiakou Financial Holding Group Co., Ltd.* (張家口金融控股集團有限公司)) which directly and indirectly owns a total of approximately 62.86% equity interest in BWSM. Zhangjiakou Industrial Investment is 48.13% indirectly held by Zhangjiakou Guokong Asset Management Group Co., Ltd.* (張家口國控資產管理集團有限公司) (“**Zhangjiakou Guokong**”). Zhangjiakou Guokong is a state-owned enterprise established in the PRC on 20 June 2017 which is supervised by the State-owned Assets Supervision and Administration Commission of the People’s Government of Zhangjiakou Municipality (張家口市人民政府國有資產監督管理委員會). As set out in the website of Zhangjiakou Industrial Investment, its operations are primarily related to equity investment, asset management, financial services and industrial development.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“2022 Announcement”	the announcement of the Company dated 19 October 2022 in relation to, among other things, the existing continuing connected transactions contemplated under the Existing Mutual Technical Services Agreement
“2022 Circular”	the circular of the Company dated 17 November 2022 in relation to, among other things, the existing continuing connected transactions contemplated under the Existing Mutual Technical Services Agreement
“Actual Transaction Amount”	the actual transaction amount in respect of the transaction for the BWI Services under the Existing Mutual Technical Services Agreement for the year ended 31 December 2024
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“BWI”	BWI (Beijing) Limited* (京西智行(北京)汽車電子科技有限 公司) (formerly known as BeijingWest Industries Co., Ltd.* (北京京西重工有限公司)), a company incorporated in the PRC, a controlling shareholder of the Company, where BWI is a non-wholly-owned subsidiary of BWSM
“BWI Services”	technical services to be provided by BWI and/or its associates to the Group pursuant to the Existing Mutual Technical Services Agreement

“BWSM”	BeijingWest Smart Mobility Zhangjiakou Automotive Electronic Co., Ltd.* (京西智行張家口汽車電子有限公司), incorporated in the PRC, a controlling shareholder of the Company and BWI
“Company”	BeijingWest Industries International Limited (京西重工國際有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Company Services”	technical services to be provided by the Group to BWI and/or its associates pursuant to the Existing Mutual Technical Services Agreement
“connected person”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Mutual Technical Services Agreement”	the mutual technical services agreement entered into between the Company and BWI on 19 October 2022
“Group”	the Company and its subsidiaries
“HKD” or “HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Annual Cap”	the original annual cap in respect of the transaction for the BWI Services under the Existing Mutual Technical Services Agreement for the year ended 31 December 2024 as set out in the 2022 Announcement and the 2022 Circular
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Shareholders”	holders of the ordinary shares of HK\$0.1 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

24 March 2025

As at the date of this announcement, the Board comprises Mr. Dong Xiaojie (Chairman), Mr. Liu Xihe (Executive Director), Mr. 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).

* *For identification purposes only*