

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**INSIDE INFORMATION
EXPECTED LOSS POSITION
FOR THE YEAR ENDED 31 DECEMBER 2023**

This announcement is made by BeijingWest Industries International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the Board’s preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2023 (the “**Current Year**”) and other information currently available to the Board, it is expected that the Group will record a loss attributable to the owners of the Company of between HK\$40.0 million and HK\$60.0 million for the Current Year. The loss was further expanded compared to the loss attributable to the owners of the Company for the year ended 31 December 2022 (the “**Last Year**”) of HK\$4.9 million.

The expected increase in loss for the Current Year is mainly due to the following factors:

1. The sales revenue of the Poland plant comprised approximately two-thirds of the Group’s revenue during the Current Year. Under the influence of high local inflation in Poland, the prices of its raw materials, labour costs and energy price, etc have all increased significantly. Together with the exchange factor mentioned in point 2 below, they led to a significant decrease in the overall gross profit margin as well as the gross profit of the Group for the Current Year.
2. The business dealings of the Group involves multiple currencies, including US dollar, Euro, Polish Zloty, Czech Koruna, Great British Pound Sterling and Hong Kong dollar, etc. while the sales of the Group are mainly transacted in US dollar and Euro. During the Current Year, the exchange rate of US dollar against Polish Zloty, Great British Pound Sterling and Czech Koruna have depreciated by approximately 10%, 5% and 1% respectively. The exchange rate of Euro against Polish Zloty and Great British Pound Sterling have also depreciated by approximately 7% and 2% respectively. As the exchange rate of US dollar/Euro against the currencies in which the three major plants of the Group are denominated has decreased, thus leading to an exchange loss for the Current Year. While the Group had an exchange gain of HK\$17.0 million for the Last Year.

However, the abovementioned loss can be partially offset by the following tax refund/credit:

The Company's subsidiary, BWI Poland Technologies sp.z.o. ("**BWI Poland**") has income tax refunds during the Current Year and the effect brought by double tax deduction benefits for eligible research and development ("**R&D**") expenditures. From 2018 to 2021, due to the cap of the tax regulations imposed by the Polish tax authorities, the selling and general administrative expenses paid by BWI Poland to related companies and fellow subsidiaries could only be deducted to a part, failing to treat all these expenses as tax deductible. Afterwards, BWI Poland applied to the Polish tax authorities for an "Advance Pricing Arrangement" and was accepted by the Polish tax authorities during the Current Year. With the "Advance Pricing Arrangement", all of the above-mentioned expenses can be treated as tax deductible and BWI Poland got a refund of income tax paid in previous years of HK\$31.2 million. In addition, part of the eligible R&D expenditures of BWI Poland can enjoy double tax deduction benefits. Since some expenses paid to related companies and fellow subsidiaries were not recognised by the Polish tax authorities in the past years, after being recognised, the amount of taxable income in previous years after deductions has decreased significantly, and the double tax deduction benefits obtained for the eligible R&D expenditures incurred in those years have not been fully utilised. The double tax deduction benefits that has not been utilised in previous years can be rolled over and utilised in future years, thus generating a tax credit which also generated tax benefits. While for the Last Year, there is an income tax expense of HK\$15.1 million.

The Group's final results for the Current Year are still under review and subject to the finalisation of audit by the Company's auditor and approval by the audit committee of the Company and the Board during late March 2024. The final results announcement of the Group for the Current Year will be published by the end of March 2024.

Shareholders and potential Investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

14 March 2024

As at the date of this announcement, the Board comprises Mr. Dong Xiaojie (Chairman), Mr. Chang Ket Leong (Executive Director), Mr. Zheng Jianwei (Executive Director), Mr. Tam King Ching, Kenny (Independent Non-executive Director) and Mr. Chan Pat Lam (Independent Non-executive Director).