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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)

PROFIT ALERT

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 (the “Listing Rules”) and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors of the Company (the “Board”) has reviewed the unaudited consolidated management accounts of the Company for the three months ended 31 March 2014 (the “Unaudited Accounts”) and wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that based on the Unaudited Accounts, the Company recorded a profit of approximately RMB220 million for the three months ended 31 March 2014. Such profit arose from gain on debt restructuring of the Group. Details of the debt restructuring are disclosed in the circular of the Company dated 20 November 2013.

However, based on the Unaudited Accounts, the turnover of the Group for the first quarter of year 2014 dropped by approximately 45% as compared to that for the first quarter of year 2013. Such decrease is mainly due to keen competition in the auto parts industry. As certain fixed costs were absorbed in the cost of inventories sold, when the turnovers dropped, the profit margin was also affected adversely. Compounded by the increases in material and labour costs, the Group recorded a loss in its auto parts business for the three months ended 31 March 2014.

Despite the decline in the turnover and the profit margin of the auto parts business, the Group has commenced aftermarket distributorship business with BeijingWest Industries Co., Ltd (“BWI”) in May 2014 with the aim of improving the operating results of the Group. Such aftermarket distributorship business will be carried out pursuant to an independent aftermarket distributorship agreement (“IAD Agreement”) entered into between, amongst others, the Company and BWI on 13 November 2013. The transactions under the IAD Agreement constitute continuing connected transactions of the Company under the Listing Rules. Details of the IAD Agreement are disclosed in the circular of the Company dated 20 November 2013 and the IAD Agreement was approved by the independent shareholders of the Company on 13 December 2013.

The Board would like to remind the Shareholders and potential investors that the information contained in this announcement is based on the preliminary assessment by the Board with reference to the information currently available to the Board, which has not been audited or reviewed by the auditor of the Company. **Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board
BeijingWest Industries International Limited
Wang Zhong
Managing Director

3 June 2014

As at the date of this announcement, the Board comprises Mr. Xu Ning (Chairman), Mr. Wang Zhong (Managing Director), Mr. Li Shaofeng (Executive Director), Mr. Zhang Yaochun (Non-executive Director), Mr. Craig Allen Diem (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).