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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)

INSIDE INFORMATION

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

The lease of the Group’s plant located in Luton in the United Kingdom (the “**UK Plant**”) will expire at the end of 2023. It is unlikely that the lease will be renewed when it expires, as it has come to our knowledge that the site where the UK Plant is located has already been sold to a developer for property development purposes, which means that the UK Plant will have to be relocated. In view of the Brexit, the spread of the Covid-19 pandemic and the soaring inflation in recent years, especially the sharp rise in raw material and energy prices, the UK Plant has been facing pressure in operation. Meanwhile, the major customers of the UK Plant have successively reduced their output, after being hit by the one-two punch of the pandemic and the economic downturn. These factors will make the future operation of the UK Plant very challenging. After careful consideration of various factors, and to enhance the overall operating efficiency of the Group in the future, the board of directors of the Company (the “**Board**”) plans to stop the production of all products in the UK Plant in stages from the second quarter of 2023 onwards and complete by end of June 2023. The site of the plant will then be handed over to the landlord before end of 2023.

The Group is mainly engaged in the manufacture of suspension products in Europe for premium passenger vehicles. Currently, the Group has three plants, located in Krosno in Poland, Cheb in the Czech Republic, and Luton in the United Kingdom respectively. For the financial year ended 31 December 2021, the revenue of the UK Plant accounted for approximately 30% of the Group’s total revenue. The Board is of the view that the closure of the UK Plant will save the huge expenses of the Group required to relocate the UK Plant, while most of the original orders and production lines of the UK Plant can be transferred to the plants located in Krosno in Poland and Cheb in the Czech Republic. This will enable the Group to consolidate its resources more effectively, reduce its fixed administrative expenses such as leasing and staff costs, and increase its overall capacity utilization rate.

The closure of the UK Plant will incur one-off expenses relating to severance payment and the transference of the production lines of the UK Plant to other plants. The Board expects that the results of the Company for the relevant financial year will be significantly and adversely affected by these one-off expenses. However, it benefits the Group's operations in the long run, and is in the best interests of the Group and its shareholders as a whole.

Shareholders of the Company and potential investors 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

7 February 2023

As at the date of this announcement, the Board comprises Mr. Dong Xiaojie (Chairman), Mr. Chen Zhouping (Managing Director), Mr. Li Zhi (Non-executive Director), Mr. Tam King Ching, Kenny (Independent Non-executive Director), Mr. Yip Kin Man, Raymond (Independent Non-executive Director) and Mr. Chan Pat Lam (Independent Non-executive Director).