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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)

POSITIVE 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 Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the “**Inside Information Provisions**”.

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 six months ended 30 June 2023 (the “**Current Period**”) and other information currently available to the Board, it is expected that the Group will record a profit attributable to the owners of the Company of between HK\$20 million to HK\$25 million for the Current Period, which represents an increase of 71.9% to 114.9% compared to that of HK\$11.6 million for the six months ended 30 June 2022 (the “**Last Period**”).

The expected increase in profit for the period is mainly due to the fact that the Company’s subsidiary, BWI Poland Technologies sp.z.o. (“**BWI Poland**”) has income tax refunds during the Current Period and the effect brought by double tax deduction benefits for eligible research and development (“**R&D**”) expenditures. From 2019 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 Period. After 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. 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 utilized. 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. Based on the above reasons, it is expected that the Group’s net income tax refund/credit will be approximately HK\$29.0 million in the Current Period, compared with a net income tax expense of HK\$9.6 million in the Last Period.

The Group's final results for the Current Period are still under review and subject to the approval of the audit committee of the Company and the Board. The interim results announcement of the Group for the Current Period will be published by the end of August 2023.

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

15 August 2023

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), Mr. Yip Kin Man, Raymond (Independent Non-executive Director) and Mr. Chan Pat Lam (Independent Non-executive Director).