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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)

## FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the “**Board**”) of BeijingWest Industries International Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 with comparative figures for the year ended 31 December 2023. These final results have been reviewed by the Audit Committee of the Company.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>REVENUE</b>	4	<b>2,774,721</b>	2,708,861
Cost of sales		<u>(2,316,464)</u>	<u>(2,310,143)</u>
Gross profit		<b>458,257</b>	398,718
Selling and distribution expenses		(17,632)	(38,945)
Administrative expenses		(184,618)	(172,173)
Research and development expenses		(392,888)	(275,546)
Provision for impairment losses on financial assets	7	(508)	(2,070)
Other income	5	38,243	30,627
Other losses - net	6	(4,322)	(15,673)
Other expenses		<u>(2,500)</u>	<u>(445)</u>
<b>OPERATING LOSS</b>		<b>(105,968)</b>	(75,507)
Finance costs	8	<u>(11,790)</u>	<u>(12,032)</u>
<b>LOSS BEFORE TAX</b>	7	<b>(117,758)</b>	(87,539)
Income tax (expense)/credit	9	<u>(10,214)</u>	<u>32,219</u>
<b>LOSS FOR THE YEAR</b>		<b><u>(127,972)</u></b>	<b><u>(55,320)</u></b>
Attributable to:			
Owners of the Company		<u><b>(127,972)</b></u>	<u><b>(55,320)</b></u>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY</b>			
Basic and diluted (HK cents per share)	11	<u><b>(20.57)</b></u>	<u><b>(9.63)</b></u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
<b>LOSS FOR THE YEAR</b>	<b><u>(127,972)</u></b>	<b><u>(55,320)</u></b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		
<i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(19,207)	71,794
<i>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:</i>		
Remeasurement loss on defined benefit plans – net of tax	<u>(3,353)</u>	<u>(10,488)</u>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF INCOME TAX</b>	<b><u>(22,560)</u></b>	<b><u>61,306</u></b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>	<b><u>(150,532)</u></b>	<b><u>5,986</u></b>
Attributable to:		
Owners of the Company	<b><u>(150,532)</u></b>	<b><u>5,986</u></b>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2024*

		<b>2024</b>	2023
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>434,936</b>	430,865
Right-of-use assets		<b>243,621</b>	283,198
Goodwill		<b>572</b>	668
Deferred tax assets		<b>4,688</b>	2,616
Other non-current assets		<b>292,965</b>	187,619
<b>Total non-current assets</b>		<b>976,782</b>	904,966
<b>CURRENT ASSETS</b>			
Inventories		<b>190,634</b>	180,359
Trade receivables from third parties	12	<b>286,682</b>	344,038
Trade receivables from related parties	13	<b>332,120</b>	275,125
Income tax recoverable		<b>23,273</b>	17,041
Prepayments, other receivables and other assets	14	<b>89,093</b>	94,826
Cash and cash equivalents		<b>134,051</b>	135,964
<b>Total current assets</b>		<b>1,055,853</b>	1,047,353
<b>CURRENT LIABILITIES</b>			
Trade payables to third parties	15	<b>389,305</b>	362,667
Trade payables to related parties	16	<b>294,946</b>	133,833
Contract liabilities, other payables and accruals	17	<b>136,810</b>	93,096
Income tax payables		<b>17,656</b>	20,859
Defined benefit obligations		<b>4,503</b>	4,191
Lease liabilities		<b>39,686</b>	38,278
Provision		<b>20,781</b>	35,301
<b>Total current liabilities</b>		<b>903,687</b>	688,225
<b>NET CURRENT ASSETS</b>		<b>152,166</b>	359,128
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,128,948</b>	1,264,094

		<b>2024</b>	2023
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Contract liabilities	17	<b>52,620</b>	34,813
Defined benefit obligations		<b>99,895</b>	99,193
Lease liabilities		<b>220,047</b>	261,655
Deferred tax liabilities		<b>6,564</b>	14,068
Loan from a holding company		<b>–</b>	431
<b>Total non-current liabilities</b>		<b><u>379,126</u></b>	<u>410,160</u>
<b>NET ASSETS</b>		<b><u>749,822</u></b>	<u>853,934</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	18	<b>86,151</b>	57,434
Reserves		<b><u>663,671</u></b>	<u>796,500</u>
<b>TOTAL EQUITY</b>		<b><u>749,822</u></b>	<u>853,934</u>

## NOTES TO FINANCIAL STATEMENTS

### 1. CORPORATE AND GROUP INFORMATION

BeijingWest Industries International Limited (the “**Company**”) is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

During the year, the Company and its subsidiaries (collectively the “**Group**”) were principally involved in the manufacturing, sale and trading of automotive parts and components, and the provision of technical services.

BWI Company Limited (“**BWI HK**”) and BWI (Beijing) Limited (“**京西智行(北京)汽車電子科技有限公司**”, the “**BWI**”) are immediate and intermediate holding companies of the Group, which are incorporated in Hong Kong and Mainland China with limited liability, respectively.

On 5 September 2022, Shougang Group Co., Ltd. (“**首鋼集團有限公司**”) and BeijingWest Smart Mobility Zhangjiakou Automotive Electronics Co., Ltd. (“**京西智行張家口汽車電子有限公司**”, the “**BWSM**”) signed an equity transfer agreement for the transfer of 55.45% equity interest in BWI. Upon completion of this transaction on 19 September 2022, BWSM indirectly hold 52.55% shareholding interest in the Company through BWI.

In the year of 2023, Zhangjiakou Industrial Investment Holding Group Co., Ltd (“**張家口產業投資控股集團有限公司**”, the “**Zhangjiakou Holding**”), the controlling shareholder of BWSM, made a series of direct and indirect capital injection into BWSM, which then made capital injection into BWI. After these capital injections, Zhangjiakou Holding directly and indirectly held a total of approximately 62.89% shareholding interest in BWSM and BWSM directly held 84.34% shareholding interest in BWI.

In the opinion of the Directors of the Company, the ultimate holding company of the Company is Zhangjiakou Holding, which is a state-owned enterprise established in the People’s Republic of China.

#### 2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) as issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

HKFRS comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards,
- Hong Kong Accounting Standards (“**HKAS**”), and
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants (the “**Interpretations**”).

The consolidated financial statements are prepared under the historical cost convention, except for defined benefit pension plans measured at fair value, and are presented in Hong Kong dollars. All values are rounded to the nearest thousand of Hong Kong dollars except when otherwise indicated.

## 2.2 CHANGES IN ACCOUNTING POLICIES

### (a) New and amended standards adopted by the Group

The Group has adopted the following amended standards and interpretation for the first time for the current year's financial statements.

Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants</i>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>
Hong Kong Interpretation 5 (Revised)	<i>Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>

The amended standards and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) **New and amended standards and annual improvements not yet adopted**

The Group has not applied the following new and revised standards and annual improvements, that have been issued but are not yet effective, in the consolidated financial statements.

	<b>Effective date</b>
Amendments to HKAS 21 – <i>Lack of Exchangeability</i>	January 1, 2025
Amendments to HKFRS 9 and HKFRS 7 – <i>Amendments to the Classification and Measurement of Financial Instruments</i>	January 1, 2026
Annual Improvements to HKFRS Accounting Standards – <i>Volume 11</i>	January 1, 2026
HKFRS 18 – “ <i>Presentation and Disclosure in Financial Statements</i> ” and HK Interpretation 5 – <i>Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>	January 1, 2027
HKFRS 19 – “ <i>Subsidiaries without Public Accountability: Disclosures</i> ”	January 1, 2027
Amendments to HKAS 28 and HKFRS 10 – <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

These new or amended accounting standards and annual improvements are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions, except that the adoption of HKFRS 18 upon its effective date is expected to have certain pervasive impact on the presentation and disclosures of the Group’s consolidated financial statements.

### 3. OPERATING SEGMENT INFORMATION

An operating segment is a component of an entity that engages in business activities from which revenues are earned and expenses are incurred, and is identified on the basis of the internal financial reports that are regularly reviewed by the chief operating decision maker (the “CODM”) in order to allocate resources and assess performance of the segment. The CODM has been identified as the Executive Directors of the Company.

For the years presented, as the Group’s business activities are mainly in the manufacturing, sale and trading of automotive parts and components, and the provision of technical services. The performance of the Group is reviewed by the CODM as a whole thus it is concluded that the Group has only one single reportable segment. Therefore, no analysis by operating segment is presented.

#### (a) Products and services

##### *Revenue from external customers*

	2024 HK\$’000	2023 HK\$’000
Sale of industrial products	2,644,777	2,509,036
Technical service income	129,944	199,825
	<u>2,774,721</u>	<u>2,708,861</u>

#### (b) Geographical information

##### *i. Revenue from external customers*

	2024 HK\$’000	2023 HK\$’000
Germany	823,637	723,242
United Kingdom	584,547	669,654
United States	614,669	591,966
Mainland China	40,552	29,673
Other countries	711,316	694,326
	<u>2,774,721</u>	<u>2,708,861</u>

The revenue information above is based on the locations of the customers.

##### *ii. Non-current assets*

	2024 HK\$’000	2023 HK\$’000
Poland	671,121	723,631
Czech	222,768	137,781
Other countries	78,205	40,938
	<u>972,094</u>	<u>902,350</u>

The non-current assets information above is based on the locations of the assets and excludes deferred tax assets.

(c) **Information about major customers**

During the reporting period, the revenues which were generated from three (2023: three) of the Group's customers and were individually accounted for more than 10% of the Group's revenue are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	417,561	480,532
Customer B	406,546	340,987
Customer C	198,283*	298,601
Customer D	391,670	255,840*
	<u>1,414,060</u>	<u>1,375,960</u>

\* The relevant revenue generated from that customer during the year as indicated did not exceed 10% of the Group's revenue.

**4. REVENUE**

Revenue represents: (1) the net invoiced value of goods sold, net of value-added tax and government surcharges and excludes sale taxes, and after allowance for returns and trade discounts; and (2) an appropriate proportion of contract revenue of technical and consultancy service contracts.

An analysis of the Group's revenue is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Revenue from contracts with customers</b>		
Sale of industrial products	2,644,777	2,509,036
Technical service income	129,944	199,825
	<u>2,774,721</u>	<u>2,708,861</u>
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Timing of revenue recognition</b>		
Industrial products and services transferred at a point of time	2,769,351	2,703,741
Services transferred over time	5,370	5,120
	<u>2,774,721</u>	<u>2,708,861</u>

**5. OTHER INCOME**

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	582	140
Profit from sales of scrap materials, prototypes and samples	33,197	26,560
Government grants	–	1,140
Others	<u>4,464</u>	<u>2,787</u>
	<u><b>38,243</b></u>	<u><b>30,627</b></u>

**6. OTHER LOSSES - NET**

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Foreign exchange differences, net	(8,586)	(26,411)
Gain on disposal of items of property, plant and equipment	<u>4,264</u>	<u>10,738</u>
	<u><b>(4,322)</b></u>	<u><b>(15,673)</b></u>

## 7. LOSS BEFORE TAX

The Group's loss before tax from operations is arrived at after charging/(crediting):

	Notes	2024 HK\$'000	2023 HK\$'000
Cost of inventories sold and services provided*		2,316,464	2,310,143
Depreciation of property, plant and equipment		69,481	68,235
Depreciation of right-of-use assets		29,330	37,359
Lease payments not included in the measurement of lease liabilities		41	193
Auditors' remuneration		3,670	2,170
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages, salaries, severances and benefits		569,045	518,741
Defined benefit obligation expenses		3,189	2,016
		572,234	520,757
Research and development costs		392,888	275,546
Less: employee benefit expense included in research and development costs		(132,085)	(136,713)
Research and development costs, net of employee benefit expense**		260,803	138,833
Gain on disposal of items of property, plant and equipment	6	(4,264)	(10,738)
Net provision/(reversal) of impairment losses on trade receivables from:			
– third parties		600	1,525
– related parties		(92)	545
		508	2,070
Provision for obsolete inventories***		3,728	11,310
Provision for warranty cost		11,143	14,039
Foreign exchange losses, net		8,586	26,411

\* For the year ended 31 December 2024, costs of inventories sold and services provided included the costs of raw materials sold and consumed of approximately HK\$1,685,524,000 (2023: HK\$1,687,817,000), utility fees approximately HK\$67,193,000 (2023: HK\$84,936,000), and freight related costs (including inbound, customs and duties, brokerage fee) of approximately HK\$60,551,000 (2023: HK\$71,571,000), respectively. The remaining components of the costs of inventories sold and services provided primarily comprise of depreciation and employment benefit expense which have been separately disclosed in this note.

\*\* For the year ended 31 December 2024, research and development costs, net of employee benefit expense included technical service fees of approximately HK\$156,726,000 (2023: HK\$48,872,000) and experimental material costs approximately HK\$34,393,000 (2023: HK\$29,734,000), respectively. The remaining components of the research and development costs, net of staff costs primarily comprise of depreciation expense which have been separately disclosed in this note.

\*\*\* The provision for obsolete inventories is included in “Cost of sales” in the consolidated statement of profit or loss.

## 8. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on defined benefit plans	4,247	3,771
Interest on lease liabilities	<u>7,543</u>	<u>8,261</u>
	<u><b>11,790</b></u>	<u><b>12,032</b></u>

## 9. INCOME TAX EXPENSE/(CREDIT)

No provision for Hong Kong profits tax has been made for the year ended 31 December 2024 as the Group did not generate any assessable profits arising in Hong Kong during the year (2023: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates. The rates of tax prevailing in the countries in which the Group operates include:

	2024 (%)	2023 (%)
Luxembourg	24.94	24.94
Poland	19.00	19.00
United Kingdom	25.00	23.52
France	25.00	25.00
Germany	30.53	29.83
Italy	27.90	27.90
Czech	<u>21.00</u>	<u>19.00</u>

	2024 HK\$'000	2023 HK\$'000
Current income tax expense/(credit)	19,039	(24,552)
Deferred tax credit	<u>(8,825)</u>	<u>(7,667)</u>
Total tax expense/(credit) for the year	<u><b>10,214</b></u>	<u><b>(32,219)</b></u>

## 10. DIVIDEND

On 31 March 2025, the board of directors of the Company has resolved not to propose for any final dividend in respect of the year ended 31 December 2024 (2023: Nil).

## 11. LOSS PER SHARE

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary shares holders of the Company, and the weighted average number of ordinary shares of 622,200,657 (2023: 574,339,068) in issue during the year.

## 12. TRADE RECEIVABLES FROM THIRD PARTIES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	291,826	348,872
Impairment	<u>(5,144)</u>	<u>(4,834)</u>
Total	<u><b>286,682</b></u>	<u><b>344,038</b></u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months for the customers. Each third-party customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has control to minimise the credit risk. Overdue balances are reviewed regularly by senior management. Concentrations of credit risk are managed by analysis by customer. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

An ageing analysis of the trade receivables from third parties as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 3 months	284,678	342,214
3 months to 1 year	<u>2,004</u>	<u>1,824</u>
	<u><b>286,682</b></u>	<u><b>344,038</b></u>

### 13. TRADE RECEIVABLES FROM RELATED PARTIES

An ageing analysis of the trade receivables from related parties as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 3 months	196,748	153,014
3 months to 1 year	131,244	82,152
Over 1 year	<u>4,128</u>	<u>39,959</u>
	<u><u>332,120</u></u>	<u><u>275,125</u></u>

The Group's trading terms with its related parties are mainly on credit. The Group does not hold any collateral or other credit enhancements over its trade receivables from related parties.

### 14. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Input value-added tax recoverable	39,075	41,833
Prepayments	12,755	11,529
Deposits, other receivables and others	7,295	3,804
Contract fulfilment costs – current	<u>29,968</u>	<u>37,660</u>
	<u><u>89,093</u></u>	<u><u>94,826</u></u>

### 15. TRADE PAYABLES TO THIRD PARTIES

An ageing analysis of the trade payables to third parties at the end of the reporting period, based on the invoice date, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 3 months	387,834	362,222
3 months to 1 year	1,233	401
Over 1 year	<u>238</u>	<u>44</u>
	<u><u>389,305</u></u>	<u><u>362,667</u></u>

The trade payables are non-interest-bearing and are normally settled on 30 to 90 days' terms.

## 16. TRADE PAYABLES TO RELATED PARTIES

An ageing analysis of the trade payables to related parties at the end of the reporting period, based on the invoice date, is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 year	237,311	133,833
Over 1 year	57,635	—
	<u>294,946</u>	<u>133,833</u>

## 17. CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

	2024 HK\$'000	2023 HK\$'000
Contract liabilities (Note (a))	58,913	40,187
Accrual of rebates (Note (c))	13,261	—
Other creditors and accruals (Note (d))	60,314	34,763
Other tax payables	7,255	10,034
Accrued salaries, wages, severances and benefits	49,687	42,925
	<u>189,430</u>	<u>127,909</u>
Non-current portion of contract liabilities	(52,620)	(34,813)
	<u>136,810</u>	<u>93,096</u>

Note:

- (a) Liabilities related to contracts with customers:

	2024 HK\$'000	2023 HK\$'000
Contract liabilities in respect of engineering technical service to be delivered	58,913	40,187

- (b) Revenue recognised in relation to contract liabilities

Contract liabilities include short-term and long-term advances received before delivering of technical services.

Revenue recognised during the year ended 31 December 2024 that was included in the contract liability balance at the beginning of the period amounted to HK\$5,370,000 (2023: HK\$5,120,000).

- (c) The balance represents the accrual of volume rebates payable to the customers which are estimated based on the terms as set out in the relevant sales contract and the amount will be settled with the customer on a regular basis.
- (d) Other creditors are unsecured, non-interest-bearing and repayable on demand.

## 18. ISSUED CAPITAL

	2024 HK\$'000	2023 HK\$'000
Authorised:		
2,000,000,000 ordinary shares of HK\$0.10 each (2023: 2,000,000,000 ordinary shares of HK\$0.10 each)	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
861,508,602 ordinary shares of HK\$0.10 each (2023: 574,339,068 ordinary shares of HK\$0.10 each)	<u>86,151</u>	<u>57,434</u>

On 25 September 2024, the Company invited its shareholders to subscribe to a rights issue of 287,169,534 ordinary shares at an issue price of HK\$0.168 per share on the basis of 1 share for every 2 fully or partly paid ordinary shares held, with such shares issued on, and rank for dividends after, 21 October 2024. The issue was fully subscribed, correspondingly increase the share capital by an amount of HK\$28,717,000 and capital reserve by HK\$17,703,000.

## 19. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2024 HK\$'000	2023 HK\$'000
Contracted, but not provided for:		
Plant and machinery	<u>115,842</u>	<u>64,821</u>

## **FINAL DIVIDEND**

The Board does not recommend the payment of any final dividend in respect of the year (2023: Nil).

## **CLOSURE OF REGISTER OF MEMBERS FOR DETERMINING THE ENTITLEMENT TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING**

Latest time for lodging transfers of shares . . . . . 4:30 p.m. on 22 May 2025 (Thursday)

Book close dates . . . . . 23 May 2025 (Friday) to  
28 May 2025 (Wednesday)  
(both days inclusive)

Annual General Meeting (the “AGM”) . . . . . 28 May 2025 (Wednesday)

In order to qualify for the entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration before the latest time as set out above.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OPERATIONAL REVIEW**

The Company together with its subsidiaries involves in manufacture, sales and trading of automotive parts and components and provision of technical services. The core products of the Group were suspension products.

The Group’s automotive suspension products are mainly utilised on premium passenger vehicles, which are manufactured by our plants in Europe. After the closure of the plant in the United Kingdom (the “UK”), there are still two major plants in Poland and the Czech Republic, which manufacture and assemble suspension products for their customers.

The Group develops and maintains strong relationships with its customers, who are mainly well-known European automobile manufacturers, therefore the Group well understood the technical requirements of our customers and has the expertise on the manufacturing process for premium passenger vehicles.

The Group purchases its raw materials and components mainly from the suppliers in Europe, which are selected based on certain factors, including the history of relationship with the Group, quality and price of the products, delivery time, and after-sales services. The Group maintains stable relationships with its major suppliers and does not rely on any single supplier for any type of raw materials and components.

## **FINANCIAL REVIEW**

### **Revenue**

For the year ended 31 December 2024, the Group recorded revenue of HK\$2,644.8 million from manufacture and sales of suspension products. While for the year ended 31 December 2023, the Group recorded revenue of HK\$2,509.0 million from manufacture and sales of suspension products. The increase in revenue for the year ended 31 December 2024 is mainly due to increase in the number of orders in the plants in Poland and the Czech Republic. Following the closure of the plant in the UK in last year, the Group was still able to maintain revenue at a level similar to that of the last year.

For the year ended 31 December 2024, the Group also recorded revenue of HK\$129.9 million in provision of technical services (2023: HK\$199.8 million).

### **Gross Profit and Gross Profit Margin**

For the year ended 31 December 2024, the gross profit and gross profit margin of the Group were HK\$458.3 million and 16.5% respectively. While for the year ended 31 December 2023, the gross profit and gross profit margin of the Group were HK\$398.7 million and 14.7% respectively.

The improvement in gross profit margin was mainly due to the fact that inflation in the regions in which the Group operates decreased during the current year, which enable relieving certain pressure on the cost of goods sold.

The Group's plant in the Czech Republic was unable to leverage its best efficiency as the utilisation rate fell short of expectation. After the closure of plant in UK, it is expected that to be benefited from the improvement on production efficiency and economy of scale, the average cost will decrease in the future and its performance will be substantially improved.

### **Selling and Distribution Expenses**

Selling and distribution expenses of the Group for the year ended 31 December 2024 decreased by 54.7% to HK\$17.6 million (2023: HK\$38.9 million). The significant decrease in selling and distribution expenses is mainly due to the resources consolidation after the closure of the plant in Luton, UK.

## **Administrative Expenses**

Administrative expenses of the Group for the year ended 31 December 2024 increased by 7.2% to HK\$184.6 million (2023: HK\$172.2 million). The increase was mainly due to more business activities after the easing of the COVID-19 pandemic, which led to the increase in expenses.

Administrative expenses mainly consisted of salaries for administrative staff and management services fee paid to related companies and third parties.

## **Research and Development Expenses**

Research and development expenses of the Group for the year ended 31 December 2024 increased by 42.6% to HK\$392.9 million (2023: HK\$275.5 million). Research and development expenses mainly consisted of salaries for technical staff and technical services fees paid to related companies. As the Group increased its research and development activities for its new automobile braking products, it resulted in a greater increase in research and development expenses during the initial period of commencement, coupled with the annual salaries increment of the technical staff, leading to the increase in research and development expenses.

## **Other Income**

Other income of the Group for the year ended 31 December 2024 increased by 24.9% to HK\$38.2 million (2023: HK\$30.6 million). Other income increased mainly due to increase in profit from sale of scrap materials, prototypes and samples.

## **Other losses – net**

The net other losses of the Group for the year ended 31 December 2024 decreased 72.4% to HK\$4.3 million (2023: HK\$15.7 million). The decrease in other losses, net is mainly due to the decrease in foreign exchange losses, net of which the effect was partially set off by the decrease in gain on disposal of items of property, plant and equipment.

## **Finance Costs**

Finance costs of the Group for the year ended 31 December 2024 slightly decreased by 2.0% to HK\$11.8 million (2023: HK\$12.0 million). Finance costs mainly represented interest on lease liabilities and defined benefit obligations.

## **Income Tax**

For the year ended 31 December 2024, the net income tax expense of the Group was HK\$10.2 million, and there was net income tax benefit of HK\$32.2 million for the year ended 31 December 2023. The net income tax credit for the last year was mainly due to BWI Poland Technologies sp.z.o.o. (“**BWI Poland**”) had income tax refunds during the last year and the effect brought by double tax deduction benefits for eligible research and development (“**R&D**”) expenses.

From 2018 to 2021, due to the cap of the last 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 last year. With the “Advance Pricing Arrangement”, all of the above-mentioned expenses could be treated as tax deductible and BWI Poland got a refund of HK\$31.2 million in 2023, being refund of income tax overpaid in prior years.

In addition, for the year ended 31 December 2023, part of the eligible R&D expenses of BWI Poland can enjoy double tax deduction benefits. Since some aforesaid 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 recalculated taxable income in previous years has decreased significantly, and the double tax deduction benefits obtained 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 large part of tax credits in 2023. During the last year, income tax credits recognised as a result of the double tax deduction benefits for R&D expenses totalled HK\$21.6 million.

The change from net income tax benefit for the year ended 31 December 2023 to net income tax expense for the year ended 31 December 2024 is mainly due to the successful claiming of tax benefit under the Advance Pricing and hence the tax refund in 2023. No such tax refund was received in 2024.

## **Loss for the Year Attributable to Owners of the Company**

In summary of the above, for the year ended 31 December 2024, the loss attributable to owners of the Company was approximate to HK\$128.0 million (2023: HK\$55.3 million).

## **Liquidity and Financial Resources**

Our business requires a significant amount of working capital, which is primarily used to finance the purchase of raw materials, remuneration of employees, capital spending, research and development and other expenses. The working capital and other capital requirements were satisfied principally by cash generated from internal operations, and moderate level of bank loans (if necessary) as well.

The Group was running in a net cash outflow position (after considering the net impact of foreign exchange rate changes on cash and cash equivalents) for the year ended 31 December 2024, but there was net cash inflow from operating activities amounted to HK\$99.6 million (year ended 31 December 2023: HK\$70.7 million). As at 31 December 2024, the Group maintained cash and cash equivalents of HK\$134.1 million (as at 31 December 2023: HK\$136.0 million).

## **Indebtedness**

The Group did not have any balance of bank borrowings as at 31 December 2024 and 2023.

The Group's gearing ratio (measured as total bank borrowings over total assets) as at 31 December 2024 was 0% (2023: 0%). The Company would keep monitoring the financial and liquidity position of the Group closely, and carry out appropriate financing strategy for the Group in accordance with the change of the financial market from time to time.

## **Pledge of Assets**

As at 31 December 2024 and 2023, there were no assets of the Group being pledged.

## **Foreign Exchange Exposure**

The Group's transactions are mainly denominated in US Dollar, Euro and the local currencies of our operations, which include Polish Zloty, Great British Pound Sterling and Czech Koruna. The Group will closely monitor the foreign exchange market and take appropriate and effective measures from time to time to reduce any negative impact from exchange rate risk to the furthest extent.

## **Capital and Other Commitments**

Save as disclosed in note 19 in the notes to this results announcement, the Group and the Company had no other commitments as at 31 December 2024 and 2023.

## Contingent Liabilities

As at 31 December 2024, the Group and the Company did not have any significant contingent liabilities.

## USE OF PROCEEDS FROM THE RIGHTS ISSUE

The Company completed the Rights Issue on 21 October 2024. The Company issued and allotted 287,169,534 shares at HK\$0.168 per Rights Share on the basis of one Rights Share for every two ordinary shares held in issue. The net proceeds raised from the Rights Issue (after deducting expenses) are approximately HK\$46.4 million.

As at 31 December 2024, the intended use and actual use of the net proceeds from the Rights Issue, as well as the unutilized net proceeds therefrom are as follows:

	<b>Intended use of proceeds from the Rights Issue <i>HK\$' million</i></b>	<b>Actual use of net proceeds as at 31 December 2024 <i>HK\$' million</i></b>	<b>Unutilized net proceeds as at 31 December 2024 <i>HK\$' million</i></b>
Working capital of the production plants of the Group in Poland and Czech Republic	25.5	25.3	0.2
Working capital of the headquarters of the Company in Hong Kong	11.6	–	11.6
Working capital of the technical centres of the Group in Poland and France	<u>9.3</u>	<u>9.3</u>	<u>–</u>
Total	<u><u>46.4</u></u>	<u><u>34.6</u></u>	<u><u>11.8</u></u>

## **OTHER INFORMATION**

### **Environmental, Health and Safety**

The Group is dedicated to protecting the health of people, natural resources and the global environment, and has adopted the hazardous material control programs and chemical material assessment procedures. The Group has obtained all necessary permits under applicable environmental protection laws for its production facilities.

The Group strictly complies with the laws and regulations that exert great influence on the Group such as various environmental protection laws relating to emissions to land, air and water and waste production from its production facilities. Various hazardous material control programs and chemical material assessment procedures have also been adopted to meet the applicable legal requirements.

The Group also emphasizes the health and safety of its employees and is committed to providing a safe and healthy working environment for the benefits of its staff. In order to reduce the contact with occupational hazard factors of employees, the Group provides training of occupational health and safety and prevention and control of occupational disease for all relevant employees. The Group also adopted human resources policies, which provide the health and safety initiatives such as: (i) identifying and communicating health and safety initiatives; (ii) monitoring trends in statistics for occupational injuries or illnesses; (iii) complying with health and safety regulations; and (iv) promoting incident reduction through investigation, assessments, corrective actions and proactive intervention. The Group has also complied with applicable social, health and work safety laws and regulations in all material aspects.

The Group also emphasizes continuous learning and hopes employees can grow together with the Group. Diversified training and development opportunities are provided for all employees to help them reach their full potential.

### **Prospects**

The Group involved in the manufacturing, sale and trading of automotive parts and components and provision of related technical services in Europe. The core products are suspension products.

During the year under review, the geopolitical situation remained tense, with the Russian-Ukrainian war that has been on-going for over three years and last year's Israeli-Palestinian conflict showing no signs of easing. Coupled with tariff threats from a second Trump administration, considerable uncertainty is expected for the future global political and economic landscape. As for the US interest rates, it was widely expected that the United States would soon turn around and cut rates. Whether businesses can benefit from the start of a rate-cutting cycle remains to be determined.

The customers of the Group are mainly premium passenger vehicle manufacturers, as such, the business of the Group largely depends on the performance of the automotive industry, especially in Europe. According to the latest forecast of the International Monetary Fund, the eurozone will see a GDP growth of 1.0% in 2025, predicting a steady economic development in European regions, which also benefits the business stability of the Group for the coming year.

The Group is actively reviewing its business operations for optimisation, such as completing the closure of the plant in Luton, UK last year to consolidate the Group's resources, increase capacity utilisation rate, and reduce major fixed expenses. After closing the plant in the UK, the Group currently relies heavily on the two plants in Poland and Czech Republic for production.

The Group has accumulated extensive technical knowledge and developed a high degree of technical expertise with a consistent focus on research and development for many years. We believe that our technical expertise, the long-term relationship with different vehicle manufacturers, as well as the well understanding of the requirements of the vehicle manufacturers will enable us to capture more market opportunities and develop products that meet the technical requirements of the vehicle manufacturers. It would be a strong support for the Group's long-term development.

The Group believes that the continuing investment on research and development as well as engineering activities is vitally significant for the Group to maintain and improve its leadership position in the industry. It would contribute greatly to the improvement of the Group's competitiveness over other competitors. Meanwhile, the automotive industry keeps evolving. To keep pace with our customers, the Group will endeavor to collaborate closely with the vehicle manufacturers and develop innovative solutions to better serve our customers.

The Group will aim to maintain a solid and healthy growth and development. Despite the continued pricing pressure from customers, the Group is capable of maintaining its gross profit margin at a reasonable level. While the future prospects remain challenging, the Group is confident that it will be able to maintain a sustainable business development in the long run. With a view to improve long-term profitability and shareholders' value, the Company will seriously evaluate and review the business of the Group, and optimize the business structure of the Group.

## **Employees and Remuneration Policy**

As at 31 December 2024, the Group had approximately 2,200 (2023: 2,200) employees. During the year ended 31 December 2024, the total employees' cost was HK\$572.2 million (2023: HK\$520.8 million). Remuneration packages of the employees are determined by reference to the qualifications and experience of the employee concerned and are reviewed annually by the management with reference to market conditions and individual performance. The Group offers a comprehensive and competitive remuneration, retirement scheme and benefit package to its employees. Discretionary bonus is offered to the Group's staff depending on their performance. The Group has defined benefit pension plans covering substantially all of its qualified employees in Poland, France and Germany. The Group has also adopted a mandatory provident fund scheme as required under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) for its employees in Hong Kong.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or otherwise) during the year.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company has complied throughout the year ended 31 December 2024 with all applicable code provisions of the Corporate Governance Code contained in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange.

Details of the Company's compliance with the provisions of the Corporate Governance Code during the year will be set out in the Corporate Governance Report in the 2024 annual report of the Company.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this results announcement have been agreed with the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on this results announcement.

## **APPRECIATION**

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the year.

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

31 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).*