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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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board of directors (the “**Board**”) of BeijingWest Industries International Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2025. These interim results have been reviewed by the Company’s Audit Committee.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
		(unaudited)	(unaudited)
	Notes	HK\$'000	HK\$'000
REVENUE	3	1,627,054	1,447,238
Cost of sales	4	<u>(1,478,401)</u>	<u>(1,225,498)</u>
Gross profit		148,653	221,740
Selling and distribution expenses	4	(11,515)	(11,517)
Administrative expenses	4	(86,533)	(83,647)
Research and development expenses	4	(90,828)	(177,369)
Provision for impairment losses on financial assets		(1,153)	(1,212)
Other income	5	21,609	16,306
Other gains – net	6	11,406	3,495
Other expenses		<u>(5,285)</u>	<u>(3,733)</u>
OPERATING LOSS		(13,646)	(35,937)
Finance costs	7	<u>(6,685)</u>	<u>(6,494)</u>
LOSS BEFORE TAX		(20,331)	(42,431)
Income tax expense	8	<u>(9,378)</u>	<u>(9,163)</u>
LOSS FOR THE INTERIM PERIOD		<u>(29,709)</u>	<u>(51,594)</u>
Attributable to:			
Owners of the Company		<u>(29,709)</u>	<u>(51,594)</u>
LOSSES PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY			
Basic and diluted (HK cents per share)	9	<u>(3.45)</u>	<u>(8.98)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
LOSS FOR THE INTERIM PERIOD	<u>(29,709)</u>	<u>(51,594)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	69,013	(21,158)
<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>(3,491)</u>	<u>(1,408)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE INTERIM PERIOD, NET OF INCOME TAX	<u>65,522</u>	<u>(22,566)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE INTERIM PERIOD	<u><u>35,813</u></u>	<u><u>(74,160)</u></u>
Attributable to:		
Owners of the Company	<u><u>35,813</u></u>	<u><u>(74,160)</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2025

		30 June 2025 (unaudited) HK\$'000	31 December 2024 (audited) HK\$'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		498,769	434,936
Right-of-use assets		256,166	243,621
Goodwill		631	572
Deferred tax assets		7,885	4,688
Other non-current assets		183,495	292,965
Total non-current assets		946,946	976,782
Current assets			
Inventories		207,057	190,634
Trade receivables from third parties	<i>11</i>	475,779	286,682
Trade receivables from related parties	<i>12</i>	225,499	332,120
Income tax recoverable		18,869	23,273
Prepayments, other receivables and other assets	<i>13</i>	126,414	89,093
Cash and cash equivalents		96,302	134,051
Total current assets		1,149,920	1,055,853
Total assets		2,096,866	2,032,635
LIABILITIES			
Current liabilities			
Trade payables to third parties	<i>14</i>	498,086	389,305
Trade payables to related parties	<i>15</i>	155,794	294,946
Contract liabilities, other payables and accruals	<i>16</i>	172,066	136,810
Income tax payables		19,795	17,656
Defined benefit obligations		5,695	4,503
Lease liabilities		43,861	39,686
Provisions		27,764	20,781
Total current liabilities		923,061	903,687

		30 June 2025	31 December 2024
		(unaudited)	(audited)
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current liabilities			
Contract liabilities		20,941	52,620
Defined benefit obligations		118,419	99,895
Lease liabilities		245,887	220,047
Deferred tax liabilities		2,923	6,564
		<u>388,170</u>	<u>379,126</u>
Total non-current liabilities		388,170	379,126
Total liabilities		1,311,231	1,282,813
EQUITY			
Equity attributable to owners of the Company			
Issued capital	17	86,151	86,151
Reserves		699,484	663,671
		<u>785,635</u>	<u>749,822</u>
Total equity		785,635	749,822
Total equity and liabilities		2,096,866	<u>2,032,635</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

1. GENERAL INFORMATION

1.1 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 Act 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.

During the period, 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) (“**BWI BJ**”) are immediate and intermediate holding companies of the Company, which are incorporated in Hong Kong and Mainland China with limited liability, respectively.

In the opinion of the Directors of the Company, the ultimate holding company of the Company is Zhangjiakou Industrial Investment Holding Group Co., Ltd. (張家口產業投資控股集團有限公司), which is a state-owned enterprise established in the People’s Republic of China.

The interim condensed consolidated financial information has been reviewed by the external auditor of the Company.

1.2 SIGNIFICANT EVENTS IN THE CURRENT REPORTING PERIOD

On 20 June 2025, the board of directors of the Company resolved and approved a plan to close down the Group’s plant located in Cheb in the Czech Republic (the “**Czech Plant**”) by phases starting from the third quarter of 2025 in order to enhance the overall operating efficiency of the Group in the future.

The step-by-step closure of the Czech Plant is expected to result in certain one-off costs/expenses and impairment losses (including but not limited to: (i) lease termination costs for compensating the landlord of the plant facility; (ii) employee severance and related costs; (iii) impairment losses on certain property, plant and equipment, particularly the production lines and machinery that will become idle, except for certain assets which will be relocated and continuously used in the Group’s plant facility in Krosno, Poland; (iv) income tax incentive which the Czech Plant is obliged to return to the local tax authority); as well as the revenue and costs for finalising the contracts with certain customers in the Czech Plant.

Based on management’s best estimates on the closure plan of the Czech Plant, the Group has recognised certain provisions and losses (including the impairment losses on the related non-financial assets and estimated net loss in finalising certain customer contracts) in the interim condensed consolidated financial information for the current reporting period. The aggregate net impact for all of the items as mentioned above in the current reporting period is a net charge to profit or loss of approximately HK\$80,444,000 (including a provision for the tax incentive to be returned of HK\$6,808,000 which was recognised as current income tax charge for the current period).

2. BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 (the “**interim financial information**”) has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* as issued by the Hong Kong Institute of Certified Public Accountants.

The interim financial information does not include all of the notes normally included in annual consolidated financial statements. Accordingly, this interim financial information should be read in conjunction with the Company’s annual consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants.

The interim financial information are presented in Hong Kong Dollar (“**HK\$**”) and all values are rounded to the nearest thousand, except when otherwise indicated.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of the new and amended standards as set out below.

2.2 CHANGES IN ACCOUNTING POLICIES

(a) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time from 1 January 2025:

Amendments to HKFRS 21	<i>Lack of Exchangeability</i>
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The amendments listed above did not have any 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 interpretations not yet adopted

Certain new and amended standards as below have been published that are not mandatory for 30 June 2025 reporting period and have not been early adopted by the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements and HK Interpretation 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
HKFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	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. REVENUE AND 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 periods 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 reportable segment is presented.

(a) Revenue from contracts with customers

i. Products and services

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$’000	HK\$’000
Sale of industrial products and others	1,527,434	1,336,116
Technical service income	99,620	111,122
	<u>1,627,054</u>	<u>1,447,238</u>

The revenue as presented above is net of any volume rebates or discounts offered to customers as estimated based on the terms as set out in the respective sales contracts.

ii. Timing of revenue recognition

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$’000	HK\$’000
Revenue recognised		
– at a point of time	1,623,985	1,444,408
– over time	3,069	2,830
	<u>1,627,054</u>	<u>1,447,238</u>

(b) **Geographical information**

(i) **Revenue from external customers**

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Germany	455,294	472,751
United Kingdom	366,093	239,277
United States	327,707	338,790
Mainland China	114,960	77,813
Other countries	363,000	318,607
	1,627,054	1,447,238

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

(ii) **Non-current assets**

	30 June	31 December
	2025	2024
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Poland	789,554	671,121
Czech	101,849	222,768
Other countries	47,658	78,205
	939,061	972,094

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 two (six months ended 30 June 2024: one) of the Group's external customers and were individually accounted for more than 10% of the Group's total revenue are as follows:

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Customer A	284,160	231,058
Customer B*	238,350	142,814*
	522,510	373,872

* The relevant revenue generated from that customer during the six months ended 30 June 2024 did not exceed 10% of the Group's revenue.

4. EXPENSES BY NATURE

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Costs of raw materials sold and consumed	950,732	893,963
Employee benefit expense	392,276	289,307
Provisions and losses arising from the planned closure of the Czech Plant (<i>Note 1.2</i>)	73,636	–
Utility fees	56,909	68,039
Depreciation and amortization expense	54,502	46,089
Freight (including inbound, customs and duties, brokerage fee)	30,574	33,383
Technical service fee	30,168	49,972
Development and trial expense	22,852	41,214
Tax and surcharges	8,284	6,188
Travelling and entertainment expenses	8,106	7,015
Warranty expense	5,025	2,026
Others	34,213	60,835
	1,667,277	1,498,031

5. OTHER INCOME

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Profit from sales of scrap materials, prototypes and samples	15,696	12,298
Bank interest income	172	283
Others	5,741	3,725
	<u>21,609</u>	<u>16,306</u>

6. OTHER GAINS – NET

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Foreign exchange differences, net	12,254	2,409
(Loss)/gain on disposal of property, plant and equipment, net	(848)	1,086
	<u>11,406</u>	<u>3,495</u>

7. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interest on defined benefit plans	2,400	2,100
Interest on lease liabilities	4,285	4,098
Others	–	296
	<u>6,685</u>	<u>6,494</u>

8. INCOME TAX

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2025 as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2024: 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:

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
Luxembourg	24.94%	24.94%
Poland	19.00%	19.00%
United Kingdom	25.00%	25.00%
France	25.00%	25.00%
Germany	30.53%	29.83%
Italy	27.90%	27.90%
Czech	21.00%	21.00%

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Current income tax expense	12,560	36,681
Deferred tax	(3,182)	(27,518)
Total tax charge for the period	9,378	9,163

The current income tax expenses for the six months ended 30 June 2025 include the tax incentive to be returned of approximately HK\$6,808,000 resulting from the planned closure of the Czech Plant as mentioned in Note 1.2.

9. LOSSES PER SHARE

The calculation of the basic losses per share amounts is based on the loss for the period attributable to ordinary shareholders of the Company, and the weighted average number of ordinary shares of 861,508,602 (six months ended 30 June 2024: 574,339,068) in issue during the period.

The diluted losses per share were the same as basic losses per share for the six months ended 30 June 2025 and 2024 as the Group did not have any dilutive potential ordinary shares in issue during the six months ended 30 June 2025 and 2024.

10. DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

11. TRADE RECEIVABLES FROM THIRD PARTIES

	30 June 2025 (unaudited) HK\$'000	31 December 2024 (audited) HK\$'000
Trade receivables	483,460	291,826
Less: provision for impairment losses	<u>(7,681)</u>	<u>(5,144)</u>
	<u>475,779</u>	<u>286,682</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 of 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:

	30 June 2025 (unaudited) HK\$'000	31 December 2024 (audited) HK\$'000
Within 3 months	470,593	284,678
3 months to 1 year	<u>5,186</u>	<u>2,004</u>
	<u>475,779</u>	<u>286,682</u>

12. 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:

	30 June 2025 (unaudited) HK\$'000	31 December 2024 (audited) HK\$'000
Within 3 months	151,825	196,748
3 months to 1 year	54,901	131,244
Over 1 year	18,773	4,128
	<u>225,499</u>	<u>332,120</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 receivable balances from related parties.

13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2025 (unaudited) HK\$'000	31 December 2024 (audited) HK\$'000
Input value-added tax	61,405	39,075
Prepayments	19,027	12,755
Contract fulfillment costs – current	33,416	29,968
Deposits, other receivables and others	12,566	7,295
	<u>126,414</u>	<u>89,093</u>

14. 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:

	30 June 2025 (unaudited) HK\$'000	31 December 2024 (audited) HK\$'000
Within 3 months	489,527	387,834
3 months to 1 year	8,160	1,233
Over 1 year	399	238
	<u>498,086</u>	<u>389,305</u>

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

15. 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:

	30 June 2025 (unaudited) HK\$'000	31 December 2024 (audited) HK\$'000
Within 3 months	86,691	237,311
More than 1 year	<u>69,103</u>	<u>57,635</u>
	<u>155,794</u>	<u>294,946</u>

16. CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

	30 June 2025 (unaudited) HK\$'000	31 December 2024 (audited) HK\$'000
Contract liabilities (<i>Note (a)</i>)	24,456	58,913
Other creditors and accruals (<i>Note (c)</i>)	59,752	60,314
Other tax payables	10,031	7,255
Accrued salaries, wages, severances and benefits	79,313	49,687
Accrual of rebates (<i>Note (d)</i>)	<u>19,455</u>	<u>13,261</u>
	193,007	189,430
Non-current portion of contract liabilities	<u>(20,941)</u>	<u>(52,620)</u>
	172,066	136,810
Current portion of contract liabilities, other payables and accruals	<u>172,066</u>	<u>136,810</u>

Note:

(a) Liabilities related to contracts with customers:

	30 June 2025 (unaudited) HK\$'000	31 December 2024 (audited) HK\$'000
Contract liabilities in respect of engineering technical service to be delivered	<u>24,456</u>	<u>58,913</u>

- (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 six months ended 30 June 2025 that was included in the contract liability balance at the beginning of the period amounted to HK\$2,536,000 (six months ended 30 June 2024: HK\$2,830,000).

- (c) Other creditors are unsecured, non interest-bearing and repayable on demand.
- (d) 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 contracts and the amount will be settled with the customers on a regular basis.

17. ISSUED CAPITAL

	30 June 2025 (unaudited) HK\$'000	31 December 2024 (audited) HK\$'000
Authorised:		
2,000,000,000 ordinary shares of HK\$0.10 each	<u><u>200,000</u></u>	<u><u>200,000</u></u>
Issued and fully paid:		
861,508,602 ordinary shares of HK\$0.10 each (2024: 861,508,602 ordinary shares of HK\$0.10 each)	<u><u>86,151</u></u>	<u><u>86,151</u></u>

There are no movement in the Company's issued share capital during the six months ended 30 June 2025 and 2024.

18. COMMITMENTS

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

	30 June 2025 (unaudited) HK\$'000	31 December 2024 (audited) HK\$'000
Contracted, but not provided for:		
Plant and machinery	<u><u>106,789</u></u>	<u><u>115,842</u></u>

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL REVIEW

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

The Group's automotive suspension products are mainly utilised on premium passenger vehicles, which are manufactured by our plants in Europe. There are 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 period ended 30 June 2025, the Group recorded revenue of HK\$1,527.4 million from manufacture and sale of suspension products (period ended 30 June 2024: HK\$1,336.1 million). The increase in revenue for the period ended 30 June 2025 is mainly due to increase in the number of orders in the plants in Poland. On the contrary, the plant in Czech Republic is affected by the planned closure, and has recorded a decrease in revenue.

For the period ended 30 June 2025, the Group also recorded revenue of HK\$99.6 million in provision of technical services (period ended 30 June 2024: HK\$111.1 million).

Gross Profit and Gross Profit Margin

For the period ended 30 June 2025, the gross profit and gross profit margin of the Group were HK\$148.7 million and 9.1% respectively. While for the period ended 30 June 2024, the gross profit and gross profit margin were HK\$221.7 million and 15.3% respectively. Gross profit and gross profit margin both decreased as compared with the same period last year. This was mainly due to the Czech Plant's inability to leverage its optimal efficiency as the utilisation rate fell short of expectations, as well as the provisions and losses arising from the planned closure of the Czech Plant. Consequently, the increase in revenue failed to drive growth in the Group's overall gross profit.

The closure of the Czech plant is scheduled for completion by the end of the first quarter of next year. Management believes that the closure of the Czech plant will enable the Group to consolidate its resources more effectively, reduce manufacturing costs, and increase its overall capacity utilisation rate, thereby substantially improving the Group's future performance.

Selling and Distribution Expenses

Selling and distribution expenses of the Group for the period ended 30 June 2025 was HK\$11.5 million (period ended 30 June 2024: HK\$11.5 million). Selling and distribution expenses mainly consisted of salary and welfare for sales personnel.

Administrative Expenses

Administrative expenses of the Group for the period ended 30 June 2025 was HK\$86.5 million (period ended 30 June 2024: HK\$83.6 million). Administrative expenses mainly consisted of salaries for administrative staff and management services fees paid to related companies.

Research and Development Expenses

Research and development expenses of the Group for the period ended 30 June 2025 decreased by 48.8% to HK\$90.8 million (period ended 30 June 2024: HK\$177.4 million). Research and development expenses mainly consisted of salaries for technical staff and technical services fees paid to related companies. The decrease was primarily attributable to tightened cost controls and a significant reduction in R&D expenses for new projects.

Other Income

Other income of the Group for the period ended 30 June 2025 increased by 32.5% to HK\$21.6 million (period ended 30 June 2024: HK\$16.3 million). Other income increased mainly due to increase in profit from sale of scrap materials, prototypes and samples.

Other Gains – Net

The net other gains of the Group for the period ended 30 June 2025 was HK\$11.4 million, whereas, for the period ended 30 June 2024, the net other gains was HK\$3.5 million. The changes between the two periods were mainly due to the increase in net foreign exchange gain during the period.

Finance Costs

Finance costs of the Group for the period ended 30 June 2025 was HK\$6.7 million (period ended 30 June 2024: HK\$6.5 million). Finance costs mainly represented interest on lease liabilities and interest cost on defined benefit obligations.

Loss for the Period Attributable to Owners of the Company

In summary of the above, for the period ended 30 June 2025, the loss attributable to owners of the Company is HK\$29.7 million (period ended 30 June 2024: Loss of HK\$51.6 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, R&D and other expenses. The working capital and other capital requirements were satisfied principally by cash generated from daily operations, and moderate level of bank loans (if necessary) as well.

The Group was running in a net cash outflow position for the period ended 30 June 2025, in which net cash outflow from operating activities amounted to HK\$2.9 million (period ended 30 June 2024: net cash inflow HK\$77.1 million). As at 30 June 2025, the Group maintained cash and cash equivalents of HK\$96.3 million (as at 31 December 2024: HK\$134.1 million).

Indebtedness

The Group did not have any balance of bank or other borrowings as at 30 June 2025 and 31 December 2024.

The Group's gearing ratio (measured as total bank or other borrowings over total assets) as at 30 June 2025 was 0% (as at 31 December 2024: 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 30 June 2025 and 31 December 2024, there were no assets of the Group being pledged.

Foreign Exchange Exposure

The Group's transactions are mainly denominated in Euro, US Dollar and the local currencies of our operations located, which include Polish Zloty, Czech Koruna and Great British Pound Sterling. 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 18 to the interim financial information, the Group and the Company had no other commitments as at 30 June 2025 and 31 December 2024.

Contingent Liabilities

As at 30 June 2025 and 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 30 June 2025, 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:

	Intended use of proceeds from the Rights Issue <i>HK\$' million</i>	Actual use of net proceeds as at 31 December 2024 <i>HK\$' million</i>	Unutilized net proceeds as at 31 December 2024 <i>HK\$' million</i>	Actual use of net proceeds as at 30 June 2025 <i>HK\$' million</i>	Unutilized net proceeds as at 30 June 2025 <i>HK\$' million</i>
Working capital of the production plants of the Group in Poland and Czech Republic	25.5	25.3	0.2	–	0.2
Working capital of the headquarters of the Company in Hong Kong	11.6	–	11.6	5.4	6.2
Working capital of the technical centres of the Group in Poland and France	9.3	9.3	–	–	–
Total	<u>46.4</u>	<u>34.6</u>	<u>11.8</u>	<u>5.4</u>	<u>6.4</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 period under review, the geopolitical situation remained tense, with the Russian-Ukrainian war that has been ongoing for over three years, coupled with tariff threats from a second Trump administration, considerable uncertainty is expected for the future global political and economic landscape. As for US interest rates, it was widely expected that the United States would soon shift to rate cuts. Whether businesses can benefit from the start of a rate-cutting cycle remains to be seen.

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. Passenger vehicle production in Europe in 2024 was approximately 14,760,000, which is a 4.4% increase as compared to 2023, but still a 18.6% decrease as compared to the pre-pandemic level of 2019, indicating that there is still further room for improvement for the recovery of the automotive industry in Europe. Additionally, according to the latest forecast of the International Monetary Fund, the eurozone will see a GDP growth of 1.5% in 2025, predicting a steady economic development in European regions, which also benefits the business stability of the Group.

The plan of the Group for the closure of the plant located in Cheb, Czech Republic is going smoothly and on schedule. At present, most production lines at the Cheb plant remain operational and are expected to be relocated to Krosno, Poland by the end of this year. The site of the plant will be handed over to the landlord by the end of first quarter next year. Management believes that the closure of the Cheb plant will enable the Group to consolidate its resources more effectively, reduce manufacturing costs, and increase its overall capacity utilisation rate, which will benefit the Group's future operations.

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 and the increase in commodity prices, 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 30 June 2025, the Group had approximately 2,013 (30 June 2024: 2,360) employees. During the period ended 30 June 2025, the total employees' cost was HK\$392.3 million (period ended 30 June 2024: HK\$289.3 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 period under review.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange during the six months ended 30 June 2025.

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 period.

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

Hong Kong, 28 August 2025

As at the date of this announcement, the Board comprises Mr. Dong Xiaojie (Chairman), Mr. Liu Xihe (Executive Director), Dr. 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).