

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**CONNECTED TRANSACTION
IN RESPECT OF OWNERSHIP TRANSFER
OF AUTOMOTIVE TOOLING**

On 5 November 2021 (after trading hours), the Company entered into the Tooling Ownership Transfer Agreement with BWI pursuant to which the Group agreed to sell and BWI and/or its associates agreed to purchase the Tooling for the purpose of reselling such Tooling to a customer of BWI Group in respect of a sub-system of a specific production project of the customer at a total consideration of not more than USD600,000 (equivalent to approximately HKD4,680,000), subject to the actual quantity of Tooling of which the ownership is required to be transferred to the customer. After the resale of the Tooling by BWI and/or its associates to the customer, the ownership of the Tooling will be transferred to the customer.

As at the date of the Tooling Ownership Transfer Agreement and this announcement, BWI is interested as to approximately 52.55% of the issued share capital of the Company and therefore is the controlling shareholder and a connected person of the Company. Accordingly, the transactions contemplated under the Tooling Ownership Transfer Agreement constitutes a connected transaction for the Company under the Listing Rules.

LISTING RULES IMPLICATIONS

As all applicable percentage ratios in respect of the transaction contemplated under the Tooling Ownership Transfer Agreement are more than 0.1% but less than 5%, transactions contemplated under the Tooling Ownership Transfer Agreement are subject to the reporting and announcement requirements under the Listing Rules, but is exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE TOOLING OWNERSHIP TRANSFER AGREEMENT

The principal terms of the Tooling Ownership Transfer Agreement are set out below.

Date: 5 November 2021

Parties: The Company (as vendor)
BWI (as purchaser)

BWI is the controlling shareholder and a connected person of the Company.

Subject matter: The Group will sell the Tooling, being tailor-made automotive tooling for manufacture of auto parts and components for a sub-system of a specific production project, to BWI and/or its associates for the purpose of reselling such Tooling to a customer of BWI Group, which is an Independent Third Party (the “**Customer**”).

Consideration: The total consideration for the Tooling shall not be more than USD600,000 (equivalent to approximately HKD4,680,000), subject to the actual quantity of Tooling of which the ownership is required to be transferred to the Customer.

Payment Terms: Payments for the Tooling under the Tooling Ownership Transfer Agreement shall be payable 45 days after receiving the relevant invoice for the Tooling, which is based on normal commercial terms that are no less favourable to the Company than those available to Independent Third Parties.

Term: The sale of the Tooling from the Group to BWI and/or its associates shall be completed on or before 31 December 2021.

BASIS OF DETERMINATION OF THE CONSIDERATION

The basis of determining the consideration is in accordance with the total amount of the resale value of the Tooling being resold by BWI and/or its associates to the Customer and was arrived at after arm’s length negotiations between the parties.

Since the Tooling are unique and tailor-made for the Customer, a prevailing market price does not exist. Thus, the Group did not have external comparables. The Directors are of the view that the consideration being arrived at after arm’s length negotiations between the parties is a practical way given that the prevailing market price does not exist for the Tooling to be transferred under the Tooling Ownership Transfer Agreement.

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE TOOLING OWNERSHIP TRANSFER AGREEMENT

The Group is principally engaged in the manufacture, sale and trading of automotive parts and components, as well as provision of technical services. BWI Group is principally engaged in the production and sale of vehicle parts and components. The Group has been supplying auto parts and components to BWI and/or its associates in the past.

The Group's automotive suspension products were mainly utilized on premium passenger vehicles, which were manufactured by our plants in Europe. The Group has three major plants in Poland, the Czech Republic and the United Kingdom respectively, which manufacture and assemble suspension products for their customers. In order to cater for the unique specifications and requirements of the products of our customers, the Group will design and tailor-make the automotive tooling for the manufacture of the auto parts and components for the relevant production projects.

In October 2021, BWI informed the Group that the Customer requested for the purchase of the Tooling which was previously tailor-made for a sub-system of a specific production project of the Customer.

The Group is aware that (i) it is a standard practice in the automotive industry to create customer specific tooling for manufacture of auto parts and components for customers; (ii) the transfer of ownership of automotive tooling is also a common practice in the automotive industry. After the resale of the Tooling by BWI and/or its associates to the Customer, the ownership of the Tooling will be transferred to the Customer; (iii) the development of the Tooling was responsible by the plants of the Group which have also been using the Tooling to manufacture and supply the auto parts and components for the sub-system of the specific production project of the Customer. The auto parts and components for the sub-system of the specific production project of the Customer are sold to BWI and/or its associates under the Parts and Components Supply Agreement for final assembly of the whole system of the specific production project of the Customer; (iv) after the transfer of ownership of the Tooling, the plants of the Group would retain physical possession of the Tooling for and on behalf of the Customer and continuously manufacture and supply the auto parts and components for the sub-system of the specific production project of the Customer; and (v) the Customer of the specific production project is a well-known automobile manufacturer which is an Independent Third Party.

In order to maintain good relationships with BWI and the Customer, the Group agreed to sell the Tooling to BWI and/or its associates by entering into of the Tooling Ownership Transfer Agreement for the purpose of reselling such Tooling to the Customer. The development of the Tooling was planned from the beginning to be sold and become the assets of the Customer, and BWI and/or its associates will facilitate the process in respect of the transfer of ownership of the Tooling. The transactions under the Tooling Ownership Transfer Agreement will enable the Group to recover the costs incurred on the Tooling.

Having taken into account of the above reasons and benefits, the Directors (including independent non-executive Directors) are of the view that the terms of the Tooling Ownership Transfer Agreement are fair and reasonable, and the Tooling Ownership Transfer Agreement is entered into on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole.

FINANCIAL EFFECT OF THE SALE THE TOOLING

The Group expects that there will be no material gain or loss arising from the sale of the Tooling, based on the amount of the consideration and estimated costs of the Tooling. The Company plans to apply the proceeds as general working capital.

GENERAL

The Group is principally engaged in the manufacture, sale and trading of automotive parts and components, as well as provision of technical services.

As at the date of this announcement, BWI, through its wholly-owned subsidiary, is interested as to approximately 52.55% of the issued share capital of the Company and therefore is the controlling shareholder and a connected person of the Company. Accordingly, the transactions contemplated under the Tooling Ownership Transfer Agreement constitutes a connected transaction for the Company under the Listing Rules.

BWI Group is principally engaged in the production and sale of vehicle parts and components. BWI was established under the laws of the PRC with limited liability on 23 March 2009. As at the date of this announcement, BWI is held as to 55.45% by Shougang Group Co., Ltd. (首鋼集團有限公司) and as to 44.55% by Beijing Fangshan State-owned Assets Management Company Limited (北京房山國有資產經營有限責任公司).

At the Board meeting held to approve the Tooling Ownership Transfer Agreement and the transactions contemplated thereunder, Mr. Zhao Jiuliang, Mr. Chen Zhouping and Mr. Li Zhi, by virtue of their connection with BWI, have abstained from voting on the relevant Board resolution to approve the Tooling Ownership Transfer Agreement and the transactions contemplated thereunder. The remaining Directors present at the Board meeting for approving the Tooling Ownership Transfer Agreement and the transactions contemplated thereunder are of the view that the terms of the Tooling Ownership Transfer Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

As all applicable percentage ratios in respect of the transactions contemplated under the Tooling Ownership Transfer Agreement are more than 0.1% but less than 5%, transactions contemplated under the Tooling Ownership Transfer Agreement are subject to the reporting and announcement requirements under the Listing Rules, but is exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BWI”	BeijingWest Industries Co., Ltd.* (北京京西重工有限公司), a company incorporated in the PRC, a controlling shareholder of the Company
“BWI Group”	BWI and its subsidiaries (other than the Group) from time to time
“Company”	BeijingWest Industries International Limited (京西重工國際有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HKD” or “HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parts and Components Supply Agreement”	the agreement dated 7 November 2019 entered into between the Company and BWI in relation to the supply of auto parts and components by the Group to BWI and/or its associates
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
“Shareholders”	holders of the ordinary shares of HK\$0.1 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tooling”	being tailor-made automotive tooling for manufacture of auto parts and components for a sub-system of a specific production project of a customer of BWI Group
“Tooling Ownership Transfer Agreement”	the framework tooling ownership transfer agreement entered into between the Company and BWI on 5 November 2021 in relation to the sale of the Tooling by the Group to BWI and/or its associates for reselling to a customer of BWI Group
“USD”	U.S. dollars, the lawful currency of the United States

“%” per cent.

* *For identification purpose only*

By Order of the Board
BeijingWest Industries International Limited
Zhao Jiuliang
Chairman

5 November 2021

As at the date of this announcement, the Board comprises Mr. Zhao Jiuliang (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).