
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for independent professional advice.

If you have sold or transferred all your shares in BeijingWest Industries International Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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



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)

**PROPOSED REDUCTION OF SHARE PREMIUM ACCOUNT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening an EGM of BeijingWest Industries International Limited to be held at The Function Room, 2nd Floor, The Harbourview, 4 Harbour Road, Wanchai, Hong Kong on Friday, 19 June 2015 at 10:30 a.m. is set out on pages 6 to 7 of this circular.

Whether or not you intend to attend and vote at the EGM in person, please complete the form of proxy enclosed in accordance with the instructions printed thereon and return it to the share registrar of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

26 May 2015

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	2
1. Introduction	2
2. Proposed Reduction of Share Premium Account	2
3. Reasons for the Reduction of Share Premium Account	3
4. Effects of the Reduction of Share Premium Account	3
5. Condition and Effective Date of the Reduction of Share Premium Account	4
6. Extraordinary General Meeting	4
7. Recommendation	5
8. Responsibility Statement	5
NOTICE OF EGM	6

DEFINITIONS

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

“Accumulated Losses”	accumulated losses of the Company as at 31 December 2014;
“BWI”	BeijingWest Industries Co., Ltd.* (北京京西重工有限公司), a company incorporated in the People’s Republic of China with limited liability, the controlling shareholder of the Company;
“Board”	the board of Directors of the Company;
“Company”	BeijingWest Industries International Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be held at The Function Room, 2nd Floor, The Harbourview, 4 Harbour Road, Wanchai, Hong Kong on Friday, 19 June 2015 at 10:30 a.m.;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Reduction of Share Premium Account”	the proposed reduction of the Company’s share premium account as set out in this circular;
“Share(s)”	the ordinary share(s) of the Company;
“Shareholders”	holder(s) of Share(s); and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

* For identification purpose only

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Jiang Yunan (*Managing Director*)
Mr. Li Shaofeng
Mr. Craig Allen Diem
Mr. Bogdan Józef Such

Non-executive Directors:

Mr. Han Qing (*Chairman*)
Mr. Zhang Yaochun

Independent Non-executive Directors:

Mr. Tam King Ching, Kenny
Mr. Leung Kai Cheung
Mr. Yip Kin Man, Raymond

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Principal Place of Business
in Hong Kong:*

Rooms 1005-06, 10th Floor
Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

26 May 2015

To the Shareholders

Dear Sir or Madam,

**PROPOSED REDUCTION OF SHARE PREMIUM ACCOUNT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

On 18 May 2015, the Board announced that it proposes to put forward a proposal for the Reduction of Share Premium Account for approval by the Shareholders by way of a special resolution at the EGM. The purpose of this circular is to provide you with information relating to, amongst other things, further details of the Reduction of Share Premium Account and a notice of the EGM.

2. PROPOSED REDUCTION OF SHARE PREMIUM ACCOUNT

The Board proposes to reduce the share premium account of the Company by an amount equivalent to the Accumulated Losses and the credit arising therefrom will be used to set off the Accumulated Losses.

LETTER FROM THE BOARD

3. REASONS FOR THE REDUCTION OF SHARE PREMIUM ACCOUNT

The share premium of the Company as at 31 December 2014 amounted to HK\$2,509,127,133 while the Accumulated Losses as at 31 December 2014 amounted to HK\$1,982,911,894. Such losses are mainly the accumulated losses arising from the Group's past operations prior to BWI gaining control of the Company. With the completion of the acquisition of the controlled and passive suspension products manufacturing operation in Europe in late 2014 by the Group, it is expected that the operations of the Group will be improved significantly. The Accumulated Losses carried in the accounts of the Company will hinder the shareholders and investors to appreciate the performance of the Group as well as hinder the Company to pay dividends.

The Board is proposing the Reduction of Share Premium Account with the resulting credit arising therefrom be applied to set off the Accumulated Losses.

The Directors consider the Reduction of Share Premium Account and the subsequent elimination of the Accumulated Losses would enable the shareholders and investors to better appreciate the performance of the controlled and passive suspension products business and allow the Company to declare dividends at the earliest opportunity in the future when the Directors consider appropriate. The Directors are of the view that the Reduction of Share Premium Account and the setting off of the Accumulated Losses are in the interests of the Company and the Shareholders as a whole.

4. EFFECTS OF THE REDUCTION OF SHARE PREMIUM ACCOUNT

Save for the expenses incurred by the Company in relation to the Reduction of Share Premium Account, the Board considers that the implementation of the Reduction of Share Premium Account will not, in itself, alter the assets, business, operations, management of the Company or the proportionate interests of the Shareholders in respect of the Shares held by the Shareholders immediately prior to the Reduction of Share Premium Account becoming effective. The Board believes that the Reduction of Share Premium Account will not have any material adverse effect on the financial position of the Group.

Set out below, for illustrative purpose only, is a simplified statement showing the proposed movement of the Shareholders' funds of the Company before and after the Reduction of Share Premium Account takes effect, based on the Company's position as at 31 December 2014.

	Immediately Before Reduction of Share Premium Account as at 31 December 2014	Immediately After Reduction of Share Premium Account taking effect
	<i>HK\$M</i>	<i>HK\$M</i>
Share Capital issued and fully paid	46.1	46.1
Share Premium Account	2,509.1	526.2
Capital Reserve	44.1	44.1
Accumulated Losses	(1,982.9)	–
Total Equity	616.4	616.4

LETTER FROM THE BOARD

Notes:

- 1 This table assumes that the amount of the Accumulated Losses will be the same as the total accumulated losses of the Company as at 31 December 2014.
- 2 This table does not take into account expenses that will be incurred by the Company in relation to the Reduction of Share Premium Account.

Further, the Reduction of Share Premium Account does not involve the diminution of any liability in respect of any unpaid capital of the Company nor does it involve the repayment to the Shareholders of any paid-up capital of the Company. Accordingly, Shares held by the Shareholders will not be affected.

5. CONDITION AND EFFECTIVE DATE OF THE REDUCTION OF SHARE PREMIUM ACCOUNT

The Reduction of Share Premium Account is conditional upon the approval of the proposal by the Shareholders at the EGM and will become effective from the next business day immediately following the date of passing the relevant resolution.

Set out below is an indicative timetable for, among other things, the implementation of the Reduction of Share Premium Account. Shareholders will be informed by way of an announcement, if necessary, of any material changes to the expected timetable.

	2015
Despatch of circular on the Reduction of Share Premium Account together with the notice of the EGM	26 May
Latest time for lodging proxy forms for the EGM	10:30 a.m., 17 June
EGM	19 June
Expected date on which the Reduction of Share Premium Account becomes effective	22 June

Shareholders should note that the Reduction of Share Premium Account is subject to the satisfaction of the condition as set out in this circular and may or may not proceed. Shareholders and public investors are reminded to exercise caution when dealing in the Shares.

6. EXTRAORDINARY GENERAL MEETING

The notice convening the EGM, at which a special resolution will be proposed to approve the Reduction of Share Premium Account, is set out on pages 6 to 7 of this circular.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the share registrar of the Company at Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and, in any event, not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Pursuant to the Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The special resolution set out in the notice of the EGM shall be put to vote at the EGM by way of poll.

On a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy shall have one vote for each Share of which he is the holder. A Shareholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. No Shareholder is interested in the Reduction of Share Premium Account and is required to abstain from voting at the EGM.

An announcement of the poll results will be made after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

7. RECOMMENDATION

The Directors (including the independent non-executive Directors) believe that the proposed Reduction of Share Premium Account is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders vote in favour of the special resolution to be proposed at the EGM.

8. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
By Order of the Board
BeijingWest Industries International Limited
Jiang Yunan
Managing Director

NOTICE OF EGM



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)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting of BeijingWest Industries International Limited (the “**Company**”) will be held at The Function Room, 2nd Floor, The Harbourview, 4 Harbour Road, Wanchai, Hong Kong on Friday, 19 June 2015 at 10:30 a.m. for the purpose of considering and if thought fit, passing the following resolution as a special resolution of the Company:

SPECIAL RESOLUTION

“**THAT:**

- (a) the amount standing to the credit of the share premium account of the Company be reduced by a sum not exceeding HK\$1,982,911,894, such reduction to take effect on the next business day following the passing of this resolution and the directors of the Company (“**Directors**”) be and are hereby authorised to apply such amount to set off the total accumulated losses standing in the accounts of the Company as at 31 December 2014; and
- (b) the Directors be and are hereby authorised generally to do all acts and things, and to approve, sign and execute any documents, which in their opinion may be necessary, desirable or expedient to implement or to give effect to the foregoing.”

By Order of the Board
BeijingWest Industries International Limited
Jiang Yunan
Managing Director

26 May 2015

NOTICE OF EGM

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
3. In order to be valid, the form of proxy in the prescribed form together with a power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited at the Company's share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
4. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such an event, the form of proxy shall be deemed to be revoked.
5. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.