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京西重工國際有限公司
BELJINGWEST INDUSTRIES INTERNATIONAL LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2339)

EXCEEDED ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS

References are made to the announcement of the Company dated 25 November 2014 and the circular of the Company dated 27 November 2014 in relation to Technology License Agreement. The transactions contemplated under the Technology License Agreement constitute continuing connected transactions for the Company.

Due to that the revenue generated from the licensed product by BWI in the year 2016 is higher than the previous estimation, the Actual 2016 License Fee receivable by the Group has exceeded the 2016 Annual Cap. In the circumstance, the Company is required to re-comply with the announcement and, where applicable, the shareholders' approval requirements pursuant to Rule 14A.54(1) of the Listing Rules. As the applicable percentage ratios under the Listing Rules in respect of the Actual 2016 License Fee are less than 5%, the Actual 2016 License Fee is subject to reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE ACTUAL 2016 LICENSE FEE EXCEEDING THE 2016 ANNUAL CAP AND THE REASON THEREFOR

On 25 November 2014, BWI Poland and BWI North America (as joint licensors) and BWI (as licensee) entered into the Technology License Agreement. Pursuant to the Technology License Agreement, BWI Poland and BWI North America would grant a non-exclusive and transferrable license to BWI to use certain technical information in relation to the manufacture, test, validate, sell and provide application engineering support for 4 wheel suspension system for the production of suspension systems for light weight commercial vehicles and 4 wheel passenger vehicles in the PRC for a term up to the financial year ended 31 December 2016.

The license fee for the Technology License Agreement was determined on the basis of:

- (a) if the revenue from the licensed product for the entire year is less than US\$10,000,000, the license fee will be charged on 8% of the product revenue;
- (b) if the revenue from the licensed product for the entire year exceeds US\$10,000,000 but less than US\$50,000,000, the license fee will be charged on the basis of 8% of the product revenue for the first US\$10,000,000, and any part of the product revenue in excess of US\$10,000,000 will be charged at 5% of the product revenue;
- (c) if the revenue from the licensed product for the entire year exceeds US\$50,000,000, the license fee will be charged on the basis of 8% of the product revenue for the first US\$10,000,000, the part of the product revenue between US\$10,000,001 and US\$50,000,000 will be charged at 5% of the product revenue, and any part of the product revenue in excess of US\$50,000,000 will be charged at 3.5% of the product revenue.

The license fee for the Technology License Agreement was paid by BWI to BWI Poland and BWI North America in the proportion of 85% and 15% respectively, which was determined based on the actual expense ratio of BWI Poland and BWI North America for providing the services under the technology license.

The cap amounts for the license fee payable by BWI under the Technology License Agreement to BWI Poland for the financial year ended 31 December 2016 was RMB11,200,000.

In determining the annual caps of the license fee payable by BWI under the Technology License Agreement, the Company has taken into consideration the historical transaction amounts and the projected increase in sales by BWI, and a buffer to cater for any unexpected increases in sales of BWI during the term of the Technology License Agreement.

However, due to that the revenue generated from the licensed product by BWI in the year 2016 is higher than the previous estimation, the Actual 2016 License Fee of RMB12,979,333.21 has exceeded the 2016 Annual Cap of RMB11,200,000 by RMB1,779,333.21.

MEASURES ADOPTED BY THE COMPANY FOR FUTURE COMPLIANCE

In order to avoid any occurrence of similar events in the future, the Company will closely monitor and regularly review the existing continuing connected transactions of the Group. The Company will also improve the data collection system of the Group so as to assure all necessary requirements of the Listing Rules are complied with.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios under the Listing Rules in respect of the Actual 2016 License Fee are less than 5%, the Actual 2016 License Fee is subject to reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Group is principally engaged in the manufacture and sale of automotive parts and components and trading of automotive parts and components. BWI Poland, a party to the Technology License Agreement, is an indirect wholly owned subsidiary of the Company.

As at the date of this announcement, BWI is interested as to approximately 52.55% of the issued share capital of the Company and is a controlling shareholder and a connected person of the Company. BWI North America is wholly owned by BWI and is also a connected person of the Company. Pursuant to the Listing Rules, the transactions contemplated under the Technology License Agreement constitute continuing connected transactions for the Company.

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 Corporation (首鋼總公司) 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).

The transactions under the Technology License Agreement are a continuation of the already established licensing arrangement among BWI Poland, BWI North America and BWI. The Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions contemplated under Technology License Agreement have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The Board have approved and ratified the Actual 2016 License Fee in respect of the Technology License Agreement. Mr. Jiang Yunan, Mr. Zhang Yaochun and Mr. Thomas P Gold were considered to be interested in the transactions under the Technology License Agreement and have abstained from voting in respect of the resolution proposed to approve and ratified the Actual 2016 License Fee. Besides, Mr. Li Shaofeng and Mr. Qi Jing were absent from the Board meeting and have not voted for the resolution for approving and ratifying the Actual 2016 License Fee.

DEFINITION

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below.

“2016 Annual Cap”	RMB11,200,000, the annual cap for the license fee payable by BWI under the Technology License Agreement to BWI Poland for the financial year ended 31 December 2016, which had been approved and confirmed by the independent Shareholders of the Company on 19 December 2014;
“Actual 2016 License Fee”	RMB12,979,333.21, the actual license fee payable by BWI to BWI Poland in respect of the license fee for the

	financial year ended 31 December 2016 under the Technology License Agreement;
“associate(s)”	has the same meaning ascribed to it under the Listing Rules;
“Board”	board of Directors;
“BWI”	BeijingWest Industries Co., Ltd* (北京京西重工有限公司), a company established under the laws of the PRC with limited liability, being a controlling shareholder of the Company;
“BWI Group”	BWI and its subsidiaries (other than the Group);
“BWI North America”	BWI North America Inc., a company incorporated in Delaware, U.S.A. with limited liability and wholly owned by BWI;
“BWI Poland”	BWI Poland Technologies sp. z.o.o, a company established and incorporated in Poland with limited liability, which became an indirect wholly owned subsidiary of the Company from 23 December 2014;
“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(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;

“RMB”		Renminbi, the lawful currency of the PRC;
“Shareholders”		holders of the ordinary shares of the Company;
“Stock Exchange”		The Stock Exchange of Hong Kong Limited;
“Technology License Agreement”		the technology license agreement entered into between BWI Poland and BWI North America as joint licensors and BWI as licensee on 25 November 2014 for a term commencing from 23 December 2014 and ending on 31 December 2016;
“US\$”		U.S. dollars, the lawful currency of the United States; and
“%”		per cent.

** For identification purpose only*

By Order of the Board
BeijingWest Industries International Limited
Jiang Yunan
Chairman

16 February 2017

As at the date of this announcement, the Board comprises Mr. Jiang Yunan (Chairman), Mr. Chen Zhouping (Managing Director), Mr. Li Shaofeng (Executive Director), Mr. Qi Jing (Executive Director), Mr. Thomas P Gold (Executive Director), Mr. Zhang Yaochun (Non-executive Director), Mr. Tam King Ching, Kenny (Independent Non-executive Director), Mr. Leung Kai Cheung (Independent Non-executive Director) and Mr. Yip Kin Man, Raymond (Independent Non-executive Director).