

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.



AOWEI HOLDING LIMITED

奧威控股有限公司

(incorporated in the British Virgin Islands and continued in the Cayman Islands with limited liability)

(Stock Code: 1370)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO
THE 2025 ANNUAL REPORT**

Reference is made to the announcement of Aowei Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 26 March 2026 in relation to its annual results for the year ended 31 December 2025 (the “**Announcement**”) and the annual report of the Company for the year ended 31 December 2025 (the “**2025 Annual Report**”). As disclosed in the Announcement and the 2025 Annual Report, for the year ended 31 December 2025, the Company recorded an impairment loss of approximately RMB182.8 million, mainly attributable to the impairment (the “**Impairment Loss**”) of approximately RMB171.1 million on the property, plant and equipment and construction in progress of Laiyuan County Jiheng Mining Co., Ltd. (“**Jiheng Mining**”). The purpose of this supplemental announcement is to provide additional information in respect of Impairment Loss for the reference and consideration of the shareholders and investors of the Company. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement and/or the 2025 Annual Report.

(I) INDICATIONS OF IMPAIRMENT THAT LED THE COMPANY TO ENGAGE AN INDEPENDENT VALUER TO ASSESS THE VALUE OF THE CASH GENERATING UNIT (CGU) OF JIHENG MINING

Due to Jiheng Mining’s production and operation of the sand and gravel materials business in 2025, the average selling price per ton of sand and gravel materials decreased from RMB29 last year to RMB27 in 2025, and further decreased to RMB25 by December 2025. In addition, the production capacity of sand and gravel materials of Jiheng Mining could not be fully released due to uncontrollable factors such as climate and policies. The sluggish construction industry also led to weak market demand for sand and gravel materials. Only the Xiong’an New Area had a relatively large and stable demand for sand and gravel materials. However, the intense competition within the sand and gravel industry resulted in losses for Jiheng Mining; the Group has appointed an independent valuer to assess the carrying value of Jiheng Mining’s property, plant and equipment, intangible assets and construction in progress on the valuation date (i.e. 31 December 2025), so as to determine the recoverable amount of assets in accordance with IAS 36 Impairment of Assets.

(II) REASONS FOR ADOPTING THE VALUE-IN-USE APPROACH

Asset valuation approaches generally include the cost approach, market approach and value-in-use approach. The reasons for adopting the value-in-use approach for the property, plant and equipment, intangible assets and construction in progress of Jiheng Mining are: 1) the cost approach is not applicable, as historical cost does not reflect true value, replacement cost is difficult to determine, and resource endowment is not taken into account; 2) the market approach generally relies on valuations derived from comparable companies within the industry or market transaction values. Due to the specific characteristics of Jiheng Mining, there were no clear comparable companies within the industry or accessible market transactions as at the valuation date to arrive at a reasonably accurate indicative value of Jiheng Mining; 3) the value of mining rights is inherently derived from future cash flows, namely, the excess returns obtained through the mining and sale of mineral resources. Calculations using reasonably estimable parameters such as reserve estimates, production scale, operating costs, mineral product prices, and discount rates can better reflect the economic substance of mineral resources. In summary, the value-in-use approach has been adopted for the valuation of mining assets in this valuation.

(III) THE BASIS OF DETERMINATION AND DETAILED EXPLANATION OF THE FORECAST PERIOD, AVERAGE SELLING PRICE, DISCOUNT RATE AND GROSS PROFIT MARGIN

Forecast period

The forecast period for the assessment is up to 2033. The existing Jiheng mining permit is valid until April 2027. Pursuant to the relevant regulations of Hebei Province and the Ministry of Natural Resources, the mining permit of the mine can be granted an extension period of 5 years plus 2 years; therefore, the forecast period is 8 years.

Average selling price

With respect to the average selling price, our considerations are as follows: according to the budget information provided by the management, including the consideration that the unit prices of sand and gravel materials for 2026 and 2027 are RMB25.5/ton and RMB26/ton, respectively, and the annual growth rate of the unit price of sand and gravel materials for 2028 and thereafter is maintained at 2.0% (based on the expected increase in the Consumer Price Index), the budgeted average selling price for sand and gravel materials for the entire budget period is concluded to be RMB27/ton. Compared to the full-year of 2025 average selling price of RMB27 and the average selling price of RMB25 in December 2025, the industry estimates that the trend of the average selling price for sand and gravel materials in 2026 is expected to see a narrowing decline followed by a recovery, taking into account that the average selling price for sand and gravel materials in the North China region reached a low point in 2025, while also considering the sustained and large-scale demand for sand and gravel materials from infrastructure construction in the Xiong'an New Area within the region.

Discount rate

Taking into account the risk-free rate, market risk premium, Beta value and cost of equity capital of comparable companies for the same period, the Weighted Average Cost of Capital ("WACC") was adopted as the discount rate. Based on the capital cost structure of Jiheng, the WACC (before tax) of Jiheng was estimated to be approximately 10.9%.

Gross profit margin

Gross profit margins for 2026 and 2027 are expected to be -26.6% and 18.7%, respectively. The reason is that costs will be higher during the initial trial production of the new sand and gravel production lines. However, as the new sand and gravel production lines are gradually improved, management expects the gross profit margin for 2028 and thereafter to increase at an annual growth rate of 2.0% due to the scale effect and the expected increase in selling prices.

(IV) REASONS FOR CHANGES IN THE ABOVE VALUATION INPUTS AND KEY ASSUMPTIONS COMPARED TO 2024

Forecast period

The final year used for the forecast period remains unchanged, and the forecast period has decreased from 9 years commencing from 2024 to 8 years commencing from 2025.

Average selling price

The forecast average selling price for 2025 significantly decreased compared to that for 2024. This was due to the fact that the actual unit sales price in 2025 was RMB27, representing a significant decrease from the annual average selling price of RMB29/ton in 2024, which further decreased to RMB25 by December 2025. The decline was attributable to Hebei Province's integration and commissioning of abandoned mines around the Xiong'an New Area to support its construction, resulting in an increase in the market supply of sand and gravel materials. This intensified internal competition within the industry, and market prices trended downwards in line with changes in the supply and demand relationship, leading to heightened industry competition.

Discount rate

The discount rate for 2024 was 9.7% and the discount rate for 2025 was 10.9%. The comparable companies selected during both years were the same. The change was mainly attributable to the change in the debt-to-equity ratio of comparable companies during the same period.

Gross profit margin

The forecast gross profit margin for 2024 ranged from 16.4% to 21.7%, while the forecast gross profit margin for 2025 ranged from -26.6% to 30.7%. This was because the average selling price per ton of sand and gravel materials actually sold in 2025 decreased from the unit sales price of RMB29 in 2024 to RMB27, and further decreased to RMB25 by December 2025, representing a downward adjustment of the expected unit sales price. In addition, the costs during the initial trial production phase of the new sand and gravel production lines are expected to be higher, resulting in a lower forecast gross profit for the early stage. With the gradual improvement of the new sand and gravel production lines, the scale effect and the expected increase in sales price, coupled with the Company's optimization of cost management and control, as well as the comprehensive impact of effective control over expenses during the period, management expects that the gross profit margin will continue to improve in the later stage of the forecast period.

The above additional information does not affect other information contained in the Announcement or the 2025 Annual Report. Save as disclosed above, all other information contained in the Announcement and the 2025 Annual Report remains unchanged.

By order of the Board
Aowei Holding Limited
Mr. Li Yanjun
Chairman

Beijing, China, 14 May 2026

As at the date of this announcement, the executive directors of the Company are Mr. Li Yanjun, Mr. Li Ziwei, Mr. Zuo Yuehui, Mr. Sun Tao and Ms. Chen Lixian and the independent non-executive directors of the Company are Dr. Wong Sze Lok, Mr. Meng Likun and Mr. Ge Xinjian.