AOWEI HOLDING LIMITED
奧威控股有限公司

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

(Stock Code: 1370)

PROFIT WARNING

This announcement is made by Aowei Holding Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the Company's preliminary assessments of the latest unaudited consolidated management accounts of the Group, it is expected that the Group will record a loss and total comprehensive loss attributable to the equity shareholders of the Company of not more than approximately RMB400 million for the year ended 31 December 2017 (the "**Reporting Period**") as compared with a profit and total comprehensive income attributable to the owners of the Company of approximately RMB85.7 million for the corresponding period in 2016. During the Reporting Period, the iron ore business of the Group maintained steady operation, and our performances in iron ore industry and downstream steel industry recorded gradual improvement under the promotion of the supply-side reform. However, the continuous production suspension of Laiyuan Xinxin Mining Co., Ltd.(淶源鑫鑫礦業有限公司)("**Xinxin Mining**")caused by the nationwide (especially Hebei, Beijing and the surrounding areas) and gradual tightening of policies on the environmental protection as well as the under-performance of hospital management business, have led to assets impairment of the Group, which in turn caused the significant loss of the Group in the year of 2017. The details are set out as follows:

(i) In August and December 2014, Laiyuan County Jiheng Mining Co., Ltd. ("**Jiheng Mining**"), a wholly-owned subsidiary of the Group, acquired the mining permits assets of Yaobeigou iron ore mine from Yucheng Processing Plant and Wang Xing Industry at a consideration of RMB217 million and RMB104 million, respectively. Through such acquisition, Jiheng Mining planned to facilitate the consolidation works in its surrounding mines. However, since the second half of 2017, affected by environmental policies, the local government has carried out policies such as gradually closing down and ceasing new licenses of open-pit under scale, which made the above consolidation works uncertain. Considering the above-mentioned policy changes, we recognized impairment loss for the above mining permits;

(ii) As Xinxin Mining will continue to maintain production halt and is temporarily disqualified to resume production, we further recognized loss of impairment provision for the mining right, property, plant and equipment of Xinxin Mining after the interim period of 2017;

(iii) As the master plan for the Xiong'an New Area is still under processing, the performance of our hospital management business did not reach expectation, hence we further recognized loss of impairment provision for the hospital management business after the interim period of 2017;and

(iv) during the Reporting Period, the rise in the selling price of iron ore concentrates of the Group was offset by increase in unit production cost and decline in both production volume and sales volume of iron ore concentrates.

The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the information currently available including the latest unaudited management accounts of the Group, which have not been audited or reviewed by the Company's auditors. As at the date of this announcement, the Group's consolidated results for the year ended 31 December 2017 have not yet been finalised, and are subject to necessary adjustments. Further details of the Group's financial information will be disclosed as and when the audited annual results of the Group for the year ended 31 December 2017 are announced in the end of March 2018.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Beijing, the PRC
26 January 2018

As at the date of this announcement, the executive directors of the Company are Mr. Li Yanjun, Mr. Leung Hongying Li Ziwei (also known as Li Ziwei), Mr. Huang Kai, Mr. Sun Jianhua, Mr. Li Jinsheng and Mr. Tu Quanping and the independent non-executive directors of the Company are Mr. Ge Xinjian, Mr. Meng Likun and Mr. Kong Chi Mo.