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## **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)**

## **CONNECTED TRANSACTION TENANCY AGREEMENT**

### **TENANCY AGREEMENT**

On 30 December 2019, Aowei Group (as landlord) and Laiyuan Aowei, a subsidiary of the Company (as tenant) entered into the Tenancy Agreement in relation to the premises, the details of which are set out more particularly below.

### **IMPLICATIONS UNDER THE LISTING RULES**

In accordance with IFRS 16 “Leases”, the Company will recognise the value of the right-of-use assets in connection with the leases of the premises under the Tenancy Agreement in its consolidated statement of financial position. Accordingly, the rental transaction contemplated under the Tenancy Agreement will be regarded as acquisition of asset for the purpose of the Listing Rules.

As Mr. Li Yanjun is one of the Directors and controlling shareholders of the Company, Mr. Li Yanjun is a connected person of the Company. Given that 99% of the equity interest in Aowei Group is held by Mr. Li Yanjun, Aowei Group is an associate of Mr. Li Yanjun, and accordingly a connected person of the Company. The transaction contemplated under the Tenancy Agreement thus constitutes a connected transaction.

Since the applicable percentage ratios (as defined under the Listing Rules) in respect of the value of the right-of-use of the premises under the Tenancy Agreement exceed 0.1% but are less than 5%, the transaction contemplated under the Tenancy Agreement is subject to reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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## **Key Terms of the Tenancy Agreement**

Date	:	30 December 2019
Parties	:	(i) Aowei Group, as landlord; and (ii) Laiyuan Aowei (a subsidiary of the Company), as tenant.
Premises	:	17th Floor, Tower C, Central World Trade Center, No. 6A Jianguomenwai Avenue, Beijing (北京市建國門外大街甲6號中環世貿C座17層)
Term	:	3 years from 1 January 2020 to 31 December 2022 (both days inclusive)
Gross floor area	:	approximately 1,214 square metres
Rent	:	RMB3,900,000 per year

The value of the right-of-use assets recognised by the Company under the Tenancy Agreement amounted to approximately RMB11.3 million.

## **INFORMATION ON THE GROUP AND LAIYUAN AOWEI**

The Company is an investment holding company. The Group is principally engaged in two major businesses, namely (i) the exploration, mining, processing and trading of iron ore products and major products including iron ores, preliminary concentrates and iron ore concentrates, and (ii) the provision of hospital management services. The Group owns and operates three mines in Hebei Province, which has the largest steel production and iron ore consumption volumes in the PRC.

Laiyuan Aowei is a company established in the PRC and principally engaged in investment consulting, economic and trade consulting, business management consulting, corporate image planning and sale of mineral products.

## **INFORMATION ON AOWEI GROUP**

Aowei Group is an investment holding company and based in Hebei Province. Aowei Group is a company established in the PRC on 4 December 1996, owned by Mr. Li Yanjun and his brother, Mr. Li Xiaojun, with equity holding of 99% and 1%, respectively. Aowei Group and its PRC operating subsidiaries are principally engaged in the hotel management.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT**

The premises under the Tenancy Agreement are used as office for the tenant in the ordinary course of business. The terms of the Tenancy Agreement are arrived at after arm's length negotiation and the rent is with reference to the prevailing market rent of similar comparable properties in the nearby areas. The Directors (including independent non-executive Directors but excluding Mr. Li Yanjun and Mr. Li Ziwei who abstained from voting at the Board resolution) considered that the terms of the Tenancy Agreement are entered into on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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Since the applicable percentage ratios (as defined under the Listing Rules) in respect of the value of the right-of-use of the premises under the Tenancy Agreement exceed 0.1% but are less than 5%, the transaction contemplated under the Tenancy Agreement is subject to reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## DEFINITION

“Aowei Group”	Hebei Aowei Industrial Group Co., Ltd.* (河北奧威實業集團有限公司), a company established in the PRC on 4 December 1996, which is owned by Mr. Li Yanjun and his brother, Mr. Li Xiaojun, with equity holding of 99% and 1%, respectively
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	board of Directors
“Company”	Aowei Holding Limited (奧威控股有限公司) (formerly known as Hengshi Mining Investments Limited (恆實礦業投資有限公司)), a company incorporated in the British Virgin Islands and continued in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in 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
“IFRS”	International Financial Reporting Standards
“Laiyuan Aowei”	Laiyuan County Aowei Mining Investments Co., Ltd (Beijing Office)* (涇源縣奧威礦業投資有限公司北京分公司), an indirect wholly-owned subsidiary of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purposes of this announcement only, excluding Hong Kong, Taiwan and Macau Special Administrative Region of the PRC, unless otherwise specified
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 30 December 2019 entered into between Aowei Group as landlord and Laiyuan Aowei as tenant
“%”	per cent.

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

Beijing, the People’s Republic of China, 30 December 2019

*As at the date of this announcement, the executive Directors of the Company are Mr. Li Yanjun, Mr. Li Ziwei, Mr. Sun Jianhua, Mr. Jin Jiangsheng and Mr. Tu Quanping and the independent non-executive Directors are Mr. Ge Xinjian, Mr. Meng Likun and Mr. Kong Chi Mo.*

\* *For identification purposes only*