

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)

CONNECTED TRANSACTIONS
TERMINATION OF 2019 TENANCY AGREEMENT
WITH AOWEI GROUP
AND
ENTERING INTO 2021 TENANCY AGREEMENT WITH RITAN CLUB

On 28 September 2021 after trading hours, Aowei Group (as landlord) and Laiyuan Aowei, a subsidiary of the Company (as tenant), entered into the Termination Agreement pursuant to which the parties agreed to the early termination of 2019 Tenancy Agreement on and with effect from 1 October 2021 and the surrender of the premises situated at 17th Floor, Tower C, Central World Trade Center, No. 6A Jianguomenwai Avenue, Beijing, to Aowei Group on 1 October 2021. All rights and obligations under the 2019 Tenancy Agreement shall cease on the Termination Effective Date.

On 28 September 2021 after trading hours, Ritan Club (as landlord) and Laiyuan Aowei, a subsidiary of the Company (as tenant), entered into the 2021 Tenancy Agreement in relation to the premises, the details of which are set out more particularly below.

LISTING RULES IMPLICATIONS

In accordance with IFRS 16 “Leases”, the Company will recognise the value of the right-of-use assets in connection with the leases of premises in its consolidated statement of financial position. The termination of 2019 Tenancy Agreement will result in a decrease in the amount of right-of-use asset recognised by the Company, and thus be regarded as a disposal of asset for the purpose of the Listing Rules. On the other hand, the rental transaction contemplated under the 2021 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. As at the date of this announcement, Mr. Li Yanjun held 99% of the equity interest in Aowei Group while Mr. Li Xiaojun (李小軍), brother of Mr. Li Yanjun, held the remaining 1% equity interest. As at the date of this announcement, Aowei Group held 99% of the equity interest in Ritan Club while Beijing City Chaoyang District Ritan Park* (北京市朝陽區日壇公園), a public institution (一事業單位) held the remaining 1% equity interest.

Given that over 30% of the equity interest in each of Aowei Group and Ritan Club is held/indirectly held by Mr. Li Yanjun, each of Aowei Group and Ritan Club is an associate of Mr. Li Yanjun, and accordingly a connected person of the Company. Each of the transactions contemplated under the Termination Agreement and 2021 Tenancy Agreement thus constitutes connected transaction.

Since each of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transaction contemplated under the Termination Agreement exceeds 0.1% but is less than 5%, the transaction contemplated under the Termination 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.

Since each of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transaction contemplated under the 2021 Tenancy Agreement exceeds 0.1% but is less than 5%, the transaction contemplated under the 2021 Tenancy Agreement is subject to reporting and announcement requirement but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 30 December 2019 in relation to the 2019 Tenancy Agreement.

TERMINATION OF THE 2019 TENANCY AGREEMENT

On 28 September 2021 after trading hours, Aowei Group (as landlord) and Laiyuan Aowei, a subsidiary of the Company, (as tenant) entered into the Termination Agreement pursuant to which the parties agreed to the early termination of 2019 Tenancy Agreement on and with effect from 1 October 2021 and the surrender of the premises situated at 17th Floor, Tower C, Central World Trade Center, No. 6A Jianguomenwai Avenue, Beijing, to Aowei Group on 1 October 2021. All rights and obligations under the 2019 Tenancy Agreement shall cease on the Termination Effective Date.

The decrease in the amount of right-of-use asset recognised by the Company under the Termination Agreement amounted to approximately RMB4,450,000. Compared with the recognised outstanding balance amounted to approximately RMB4,819,000 of the lease liability under the 2019 Tenancy Agreement, it is expected that a gain on early termination of 2019 Tenancy Agreement amounting to approximately RMB369,000 will be recorded by the Group. There will be no sale proceeds in relation to the early termination of the 2019 Tenancy Agreement.

Reasons and Benefits for Termination of the 2019 Tenancy Agreement

In order to effectively reduce cash operating costs, the Company has decided to terminate the 2019 Tenancy Agreement.

The Directors (including independent non-executive Directors but excluding Mr. Li Yanjun and Mr. Li Ziwei who abstained from voting at the Board meeting) considered that the terms of the Termination 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.

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. Aowei Group and its PRC operating subsidiaries are principally engaged in the hotel management.

Listing Rules Implications

In accordance with IFRS 16 “Leases”, the Company will recognise the value of the right-of-use assets in connection with the leases of premises in its consolidated statement of financial position. The termination of 2019 Tenancy Agreement will result in a decrease in the amount of right-of-use asset recognised by the Company, and thus be regarded as a disposal 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. As at the date of this announcement, Mr. Li Yanjun held 99% of the equity interest in Aowei Group while Mr. Li Xiaojun (李小軍), brother of Mr. Li Yanjun, held the remaining 1% equity interest.

Given that over 30% 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 Termination Agreement thus constitutes connected transaction.

Since each of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transaction contemplated under the Termination Agreement exceeds 0.1% but is less than 5%, the transaction contemplated under the Termination 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.

ENTERING INTO THE 2021 TENANCY AGREEMENT

On 28 September 2021 after trading hours, Ritan Club (as landlord) and Laiyuan Aowei, a subsidiary of the Company, (as tenant) entered into the 2021 Tenancy Agreement in relation to the premises, the details of which are set out more particularly below.

Key Terms of the 2021 Tenancy Agreement

Date	: 28 September 2021
Parties	: (i) Ritan Club (as landlord); and (ii) Laiyuan Aowei, a subsidiary of the Company, (as tenant).
Premises	: Part of the premises and car parking lots situated at the B4th to 2nd floor 101, Building 1, Ritan East Road, Chaoyang District, Beijing (北京市朝陽區日壇東路 1 號樓 -4 至 2 層 101 的部分房屋及車位)
Term	: 3 years from 1 October 2021 to 30 September 2024 (both days inclusive)
Gross floor area	: 1,537.36 m ²
Rent	: RMB1,720,000.00 per year

The value of the right-of-use assets recognised by the Company under the 2021 Tenancy Agreement amounted to approximately RMB4,807,000.00.

Information on Ritan Club

Ritan Club is a company established in the PRC on 18 January 1999. Ritan Club is principally engaged in property management.

Reasons and Benefits for Entering into the 2021 Tenancy Agreement

The premises under the 2021 Tenancy Agreement are used as office for the tenant in the ordinary course of business. The terms of the 2021 Tenancy Agreement are arrived at after arm's length negotiation and the rent is with reference to the prevailing market rental 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 meeting) considered that the terms of the 2021 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.

Listing Rules Implications

In accordance with IFRS 16 "Leases", the Company will recognise the value of the right-of-use assets in connection with the leases of premises in its consolidated statement of financial position. The rental transaction contemplated under the 2021 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. As at the date of this announcement, Mr. Li Yanjun held 99% of the equity interest in Aowei Group while Mr. Li Xiaojun (李小軍), brother of Mr. Li Yanjun, held the remaining 1% equity interest. As at the date of this announcement, Aowei Group held 99% of the equity interest in Ritan Club while Beijing City Chaoyang District Ritan Park* (北京市朝陽區日壇公園), a public institution (一事業單位) held the remaining 1% equity interest.

Given that over 30% of the equity interest in Ritan Club is indirectly held by Mr. Li Yanjun, Ritan Club is an associate of Mr. Li Yanjun, and accordingly a connected person of the Company. The transaction contemplated under the 2021 Tenancy Agreement thus constitutes connected transaction.

Since each of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transaction contemplated under the 2021 Tenancy Agreement exceeds 0.1% but is less than 5%, the transaction contemplated under the 2021 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.

INFORMATION ON THE GROUP AND LAIYUAN AOWEI

The Company is an investment holding company. The Group is principally engaged in (i) the exploration, mining, processing and trading of iron ore products and major products including iron ores, preliminary concentrates and iron ore concentrates; (ii) in 2019, through the investment and construction of the solid waste comprehensive utilization project of Jiheng Mining, the Group recycled the tailings and solid wastes, and conducted the green construction materials construction sand and gravel materials production and sales business in the PRC.

The Group owns and operates two 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.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on 29 March 2021 and will remain suspended until further notice.

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

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
“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 (恒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* (涿源縣奧威礦業投資有限公司), 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
“Ritan Club”	Beijing Tongchan Ritan Club Co., Ltd.* (北京通產日壇俱樂部有限公司), a company established in the PRC on 18 January 1999
“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
“Termination Agreement”	the termination agreement dated 28 September 2021 entered into between Aowei Group as landlord and Laiyuan Aowei as tenant in relation to the termination of the 2019 Tenancy Agreement
“Termination Effective Date”	1 October 2021
“2019 Tenancy Agreement”	the tenancy agreement dated 30 December 2019 entered into between Aowei Group as landlord and Laiyuan Aowei as tenant
“2021 Tenancy Agreement”	the tenancy agreement dated 28 September 2021 entered into between Ritan Club 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, 28 September 2021

As at the date of this announcement, the executive Directors of the Company are Mr. Li Yanjun, Mr. Li Ziwei, Mr. Sun Jianhua and Mr. Tu Quanping and the independent non-executive Directors are Mr. Wong Sze Lok, Mr. Ge Xinjian and Mr. Meng Likun.

* *For identification purposes only*