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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 Caymans Islands with limited liability)
(Stock Code: 1370)

DISCLOSEABLE TRANSACTIONS IN RELATION TO
(1) PROVISION OF DEPOSIT PLEDGE
AND
(2) PROVISION OF LOAN TO AN ENTITY

Reference is made to (i) the announcement of the Company dated 29 March 2021 in relation to the delay in publication of the 2020 Annual Results, postponement of Board meeting and suspension of trading in the shares of the Company; (ii) the announcements of the Company dated 30 April 2021 and 10 May 2021 in relation to, the publication of the unaudited management accounts of the Company for the year ended 31 December 2020, the Initial Resumption Guidance for the Company and the establishment of the Independent Investigation Committee by the Company; (iii) the announcement of the Company dated 13 May 2021 in relation to the resignation of the auditor of the Company; (iv) the announcement of the Company dated 21 May 2021 in relation to the appointment of the Independent Investigator and the appointment of the new auditor of the Company; (v) the announcements of the Company dated 29 June 2021, 29 September 2021, 15 October 2021, 29 December 2021, 29 March 2022 and 29 June 2022 in relation to, among other things, the quarterly update on the suspension of trading; (vi) the announcements of the Company dated 8 December 2021 and 4 March 2022 in relation to the key findings of the Independent Investigation; (vii) the announcement of the Company dated 16 December 2021 in relation to the Additional Resumption Guidance; (viii) the announcement of the Company dated 27 January 2022 in relation to the appointment of the Internal Control Consultant; (ix) the announcement of the Company dated 29 August 2022 in relation to delay in publication of the 2022 Interim Results and update on progress of resumption of the Company; and (x) the announcement of the Company dated 9 September 2022 in relation to the key findings of the Supplementary Independent Investigation (collectively, the “**Announcements**”). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

(1) PROVISION OF DEPOSIT PLEDGE

On 22 December 2020, Jingyuancheng Mining, a wholly-owned subsidiary of the Company, entered into a pledge agreement (the “**Pledge Agreement**”) with Bank of Nanjing pursuant to which Jingyuancheng Mining agreed to pledge a time deposit certificate in the sum of RMB300,000,000 in favour of Bank of Nanjing to guarantee the obligations of the indebtedness owing by Jiangsu Dakang Electromechanical Equipment Company Limited* (江蘇大康機電設備有限公司) (“**Jiangsu Dakang**”) to the Bank of Nanjing for an amount of RMB300,000,000 under a bank acceptance agreement entered into between Jiangsu Dakang and Bank of Nanjing (the “**Deposit Pledge**”).

Set out below is a summary of the principal terms of the Pledge Agreement:

Date	:	22 December 2020
Parties	:	(1) Jingyuancheng Mining as the pledgor; and (2) Bank of Nanjing as the pledgee
Scope of guarantee	:	the obligations of the indebtedness owing by Jiangsu Dakang to the Bank of Nanjing for an amount of RMB300,000,000, interest, penalty interest, default penalty, damages, and all costs for recovering the loan (including but not limited to litigation cost, arbitration cost, property retention cost, and legal cost).
Duration	:	from 22 December 2020 to 22 June 2021

The Deposit Pledge under the Pledge Agreement was released on 4 March 2021.

BACKGROUND OF THE ENTERING INTO THE PLEDGE AGREEMENT

As disclosed in the announcements of the Company dated 8 December 2021 and 9 September 2022, the former legal person of Jingyuancheng Mining had, during the performance of his duty in demanding the repayment of the transportation service fee prepayment from Ruitong Transportation with the amount of RMB300,000,000 (the “**Indebted Amount**”), agreed and executed with Ruitong Transportation an arrangement in a covert manner without the knowledge of the Board in which Ruitong Transportation borrowed RMB300,000,000 via their fund source and settled the Indebted Amount to Jingyuancheng Mining’s Nanjing Bank Account on 21 December 2020. Thereafter, Jingyuancheng Mining had deposited the aforementioned settled amount from Ruitong Transportation into the Bank of Nanjing in the form of time deposit with a term of 6 months and subsequently the Former Legal Person had executed the Pledge Agreement on 22 December 2020 without reporting to the Board.

The Directors were not informed regarding the entering into the Pledge Agreement by Jingyuancheng Mining at the time when the Former Legal Person executed the Pledge Agreement on 22 December 2020. The Deposit Pledge was merely brought to the attention of the Directors during the conduction of the audit procedures of the Group for the year ended 31 December 2020 in obtaining confirmation from Bank of Nanjing in March 2021. The Deposit Pledge under the Pledge Agreement was released on 4 March 2021. Further details of the Deposit Pledge were disclosed in the announcements of the Company dated 8 December 2021 and 9 September 2022.

INFORMATION OF THE PARTIES TO THE PLEDGE AGREEMENT

Jingyuancheng Mining is a company established under the laws of the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Jingyuancheng Mining is principally engaged in mining, processing and sale of iron ore products in the PRC.

Based on publicly available information: (i) Bank of Nanjing is a company incorporated in the PRC with limited liability and a licensed bank in the PRC; (ii) Jiangsu Dakang is principally engaged in the sales of construction, chemical and oil related products and accessories and Jiangsu Dakang is ultimately owned as to 99% by Yun Bo* (云波) and 1% by Wang Zilong* (王子龍).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Bank of Nanjing and Jiangsu Dakang and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons ("**Independent Third Parties**") and that the Group has never had any business relationship with Jiangsu Dakang.

FINANCIAL IMPACT OF THE DEPOSIT PLEDGE

The Deposit Pledge under the Pledge Agreement was released on 4 March 2021 and therefore, no adverse impact has been caused to the Group.

(2) PROVISION OF LOAN TO AN ENTITY

The management of the Group, after understanding that the repayment of the Indebted Amount by Ruitong Transportation in December 2020 was a bridging loan borrowed from its fund source and after having considered that in the event that Ruitong Transportation is unable to repay its borrowed funds promptly, it may have negative impacts to the financial status and operation of Ruitong Transportation, and thus affect the operation and production of Jingyuancheng Mining, therefore, on 4 March 2021 agreed and provided a loan in cash in the amount of RMB300,000,000 (the "**Loan**") to Ruitong Transportation via Jingyuancheng Mining's internal resources and subsequently on 10 March 2021, 23 June 2021 and 27 October 2021, Laiyuan County Aowei Mining Investments Co., Ltd.* (涇源縣奧威礦業投資有限公司) ("**Aowei Mining**"), a wholly-owned subsidiary of the Company and/or Jingyuancheng Mining has entered into the initial agreement, the loan repayment agreement and the supplemental loan repayment agreement (collectively known as the "**Loan Agreements**") respectively with Ruitong Transportation pursuant to which the parties to the Loan Agreements have mutually confirmed the repayment terms of the Loan.

Principal terms of the Loan Agreements are set out as below:

Lender	:	Jingyuancheng Mining
Borrower	:	Ruitong Transportation
Principal amount	:	RMB300,000,000
Capital occupancy fee	:	4.35% per annum and calculated base on the actual number of days of the Loan occupied by Ruitong Transportation.

The capital occupancy fee charged on Ruitong Transportation was determined after arm's length negotiation between Jingyuancheng Mining and Ruitong Transportation with reference to the prevailing benchmark interest rate for one-year loans in RMB as announced by the People's Bank of China. The Company is of the view that the capital occupancy fee is fair and reasonable in this regard.

Default penalty	:	In the event that Ruitong Transportation fails to repay the Loan in whole or in part when due without justification, Ruitong Transportation shall be liable to pay Jingyuancheng Mining a default penalty at the rate of 0.05% per day on the outstanding amount of the Loan and the cost incurred from claiming the outstanding amount of the Loan.
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Repayment	:	Ruitong Transportation shall repay RMB50,000,000 on or before 30 June 2021. The remaining balance of the Loan plus the capital occupancy fee shall be repaid on or before 31 December 2021.
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Ruitong Transportation has (i) settled an aggregate sum of RMB50,000,000 to Jingyuancheng Mining on or before 30 June 2021; (ii) settled the remaining principal of the Loan of RMB250,000,000 on or before 27 October 2021; and (iii) settled the capital occupancy fee of RMB7,740,000 on 22 November 2021 in accordance with the terms and conditions of the Loan Agreements. The principal amount of the Loan together with all capital occupancy fee accrued thereon has been fully repaid by Ruitong Transportation in this regard.

INFORMATION OF THE PARTIES TO THE LOAN AGREEMENTS

Aowei Mining is a company established under the laws of the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Aowei Mining is an investment holding company.

Jingyuancheng Mining is a company established under the laws of the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Jingyuancheng Mining is principally engaged in mining, processing and sale of iron ore products in the PRC.

Ruitong Transportation is a company established under the laws of the PRC with limited liability and is principally engaged in the provision of cargo transportation services and construction machinery and equipment leasing. Li Gan* (李乾) is the sole beneficial owner of Ruitong Transportation. Ruitong Transportation has been one of the major and important mining transportation suppliers of the Group since 2017. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Ruitong Transportation and its ultimate beneficial owner are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE PROVISION OF LOAN

The Group is principally engaged in (i) the exploration, mining, processing and sales of iron ore products, including iron ores, preliminary concentrates and iron ore concentrates; and (ii) the green construction materials construction sand and gravel materials production and sales business in the PRC.

The terms of the Loan Agreements were arrived at after arm's length negotiations between Awei Mining, Jingyuancheng Mining and Ruitong Transportation. Taking into account (i) the cash flow stream generated from the capital occupancy fee; (ii) the provision of the Loan to Ruitong Transportation to alleviate its short term financial pressure could ensure the stable operation of Jingyuancheng Mining; (iii) the mutual trust established from the long cooperation history between Ruitong Transportation and Jingyuancheng Mining; (iv) the continuing stable and satisfactory transportation services provided by Ruitong Transportation demonstrating its sizeable operation scale and robustness; and (v) the current and the expected growth in the scale of business cooperation between the Group and Ruitong Transportation, the Directors are of the view that the terms of the Loan Agreements are normal commercial terms and are fair and reasonable and the entering into the Loan Agreements are in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS OF THE LISTING RULES

Provision of the Deposit Pledge

Since one or more of the applicable percentage ratios in respect of the Pledge Agreement exceeded 5% but less than 25%, the entering into of the Pledge Agreement constituted a discloseable transaction of the Company and was therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. As the amount of the Deposit Pledge exceeds 8% under the assets ratio as defined under Rule 13.13 of the Listing Rules, the Deposit Pledge is also subject to the general disclosure obligations under Rule 13.15 of the Listing Rules.

The Company is aware that this announcement in respect of the Pledge Agreement constituted a late announcement under the Listing Rules in relation to notifiable transactions. Given that the Directors have no knowledge on the Pledge Agreement when the Pledge Agreement was entered into, the Company failed to report and announce the transaction mentioned above in time and thus is in breach of the Listing Rules.

Provision of the Loan

Since one or more of the applicable percentage ratios in respect of the Loan Agreements exceeded 5% but less than 25%, the entering into of the Loan Agreements constituted a discloseable transaction of the Company and was therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. As the amount of the Loan exceeds 8% under the assets ratio as defined under Rule 13.13 of the Listing Rules, the provision of the Loan is also subject to the general disclosure obligations under Rule 13.15 of the Listing Rules.

The Company is aware that this announcement in respect of the Loan Agreements constituted a late announcement under the Listing Rules in relation to notifiable transactions. The Company regretfully admitted that it has overlooked the reporting and announcement requirements under Rule 14.34 of the Listing Rules since the Company was being tied up with the then audit processes for the year ended 31 December 2020 and the subsequent Audit Issues. The Company reiterates that such instances of non-compliance were unintentional and purely oversight.

REMEDIAL MEASURES

The Company takes the incident seriously and has taken or will take the following remedial actions in order to reduce the risk of recurrence of such breaches:

- i. the Company has published the announcement of the Company dated 8 December 2021 and this announcement to inform the Shareholders of the details of the Deposit Pledge and the Loan Agreements;
- ii. the Group has removed the Former Legal Person from the position of the legal representative of Jingyuancheng Mining on 7 April 2021 and removed all positions held by the Former Legal Person with the Group on 31 May 2022;
- iii. the Company has provided and will regularly provide training on regulatory compliance matters relating to notifiable transactions to the Directors, senior management and responsible staff to ensure that they fully understand the requirements of the Listing Rules and the importance of identifying such transactions prior to execution;
- iv. the Company shall, as and when appropriate and necessary, consult external legal advisers, financial advisers, and/or other professional advisers before entering into possible notifiable transactions or making payment when notifiable transactions may be constituted;
- v. the Company has engaged the Internal Control Consultant to review and identify the Group's internal control and to make rectification recommendations for the Company to address the weaknesses or deficiencies; and
- vi. the Company will provide a detailed guideline relating to notifiable transactions under the Listing Rules for all the Directors as well as its management team in order to strengthen and reinforce their existing knowledge relating to notifiable transactions, as well as their ability to identify potential issues at early stage.

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 shares of the Company.

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

Beijing, the PRC, 9 September 2022

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 of the Company are Mr. Wong Sze Lok, Mr. Ge Xinjian and Mr. Meng Likun.

* *In this announcement, translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purposes only, and in the event of any inconsistency between the Chinese names and their English translation, the Chinese names shall prevail.*