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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)

DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF TARGET SHARES

THE SHARE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 29 August 2023, the Subscriber (an indirect wholly-owned subsidiary of the Company) entered into the Share Subscription Agreement with Bank of Cangzhou, pursuant to which the Subscriber conditionally agreed to subscribe, and Bank of Cangzhou agreed to issue Target Shares for Subscription Monies of not exceeding RMB115,000,000.

LISTING RULES IMPLICATIONS

Since the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription are more than 5% but less than 25%, the Share Subscription Agreement and the transactions contemplated thereunder constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that the closing is subject to the satisfaction of the conditions precedent. Accordingly, the Subscription may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in any securities of the Company.

THE SHARE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 29 August 2023, the Subscriber (an indirect wholly-owned subsidiary of the Company) entered into the Share Subscription Agreement with Bank of Cangzhou, pursuant to which the Subscriber has conditionally agreed to subscribe for, and Bank of Cangzhou has agreed to issue, 50,000,000 newly issued Target Shares. The Subscription Price of Target Shares is not more than RMB2.3 and the Subscription Monies is not more than RMB115,000,000. The subscription funds shall be paid by the Group with its own funds. Upon fulfillment of the conditions precedent to the payment obligations, the Subscriber shall pay the Subscription Monies in full to the designated account for proceeds opened by Bank of Cangzhou by 31 October 2023.

The newly issued Target Shares obtained by the Subscriber will be traded on the He Bei Equity Exchange* (河北股權交易所).

As at the date of this announcement, Bank of Cangzhou has an issued share capital of RMB6,148,098,942, representing 6,148,098,942 RMB ordinary shares with a par value of RMB1 each. Bank of Cangzhou proposed to issue no more than 2 billion RMB ordinary shares with a par value of RMB1 per share to specific targets, including the Subscriber. Assuming the 2 billion RMB ordinary shares issued by Bank of Cangzhou under the Private Placement are fully subscribed, upon completion of the closing, the Subscriber shall hold 50,000,000 RMB ordinary shares of Bank of Cangzhou, representing approximately 0.614% of the enlarged issued share capital of Bank of Cangzhou.

BASIS OF DETERMINING THE SUBSCRIPTION MONIES

The subscription price for the Target Shares is RMB2.3, which was based on a combination of factors including the net asset value per share as at the end of 2022, asset quality, business growth, current situation, financing environment and dividend distribution for 2022 of Bank of Cangzhou. This is a Private Placement of not more than 2 billion RMB ordinary shares at a subscription price of RMB2.3 per new share. If the competent authorities propose regulatory opinions or requests (including written or oral) on the number of shares to be issued and the size of proceeds to be raised under this Private Placement, Bank of Cangzhou will, based on such regulatory opinions or requests, negotiate with the Subscriber on the Subscription Monies and/or the number of shares to be subscribed and sign the supplemental share subscription agreement. If, due to the approval by competent authorities, the final Subscription Monies of the Subscriber is different from the amount as agreed in the Share Subscription Agreement or the number of the subscription shares or the final Subscription Monies is (insufficient), Bank of Cangzhou shall not be liable for the shortfall of the offering and the Subscriber shall not be liable for the shortfall of the offering.

LOCK-UP ARRANGEMENT

The Subscriber undertakes to comply with the restrictive requirements imposed by the PRC banking regulatory authorities and the CSRC on the transfer of the Target Shares obtained by it from the Subscription.

TREATMENT WHEN SUBSCRIPTION FAILS TO CLOSE

If the Subscription fails to close for reasons of the Subscriber only, Bank of Cangzhou shall have the right to notify the Subscriber in writing to terminate the Share Subscription Agreement, and if the Subscriber has already paid, Bank of Cangzhou shall refund the relevant amount within 15 business days after duly notifying the Subscriber to terminate the Share Subscription Agreement without bearing any interest or expense.

If the Subscription fails to close for reasons other than the reasons of the Subscriber only, Bank of Cangzhou shall communicate with the Subscriber amicably and reach an agreement in writing to terminate the Share Subscription Agreement. If the Subscriber has already paid, Bank of Cangzhou shall refund the relevant amount within 15 business days after it is confirmed that the Subscription cannot close, and pay the interest corresponding to the capital increase amount to the Subscriber in accordance with the interest rate for demand deposits for the same period published by the People's Bank of China, with an interest period from the date of payment (of Subscription Monies by the Subscriber) to the date of refund.

If the final Subscription Monies is reduced so that the amount actually required to be paid by the Subscriber (the "**Adjusted Amount**") is less than the Subscription Monies, Bank of Cangzhou shall return the difference between the paid Subscription Monies and the Adjusted Amount (the "**Amount Difference**") to the Subscriber within 15 business days after the signing of a supplemental agreement with the Subscriber, and pay the interest corresponding to the Amount Difference to the Subscriber in accordance with the interest rate for demand deposits for the same period published by the People's Bank of China, with an interest period from the date of payment (of Subscription Monies by the Subscriber) to the date of refund.

CONDITIONS PRECEDENT TO PAYMENT AND CLOSING OBLIGATIONS

Conditions Precedent to the Payment Obligations

The conditions precedent to the payment obligations of the Subscriber are subject to the satisfaction of the following conditions:

- (1) The Share Subscription Agreement and the Private Placement were considered and approved by the board of directors and the general meeting of Bank of Cangzhou, and an effective resolution was formed;
- (2) The competent authorities have not issued, promulgated or implemented any laws, regulations, rules, directives, orders or notices prohibiting the completion of the Private Placement;
- (3) All representations and warranties of Bank of Cangzhou in the Share Subscription Agreement shall be true, accurate and complete in all material respects on the date of the Share Subscription Agreement and shall continue to be true, accurate and complete in all material respects until the date of payment; and
- (4) All representations and warranties of the Subscriber in the Share Subscription Agreement shall be true, accurate and complete in all material respects on the date of the Share Subscription Agreement and shall continue to be true, accurate and complete in all material respects until the date of payment.

Conditions Precedent to the Closing Obligations

The conditions precedent to the closing obligations of both parties are subject to the satisfaction of the following conditions:

- (1) the following approvals have been obtained:
 - (a) The Private Placement has been considered and approved by the board of directors and the general meeting of Bank of Cangzhou and an effective resolution has been formed;
 - (b) The Private Placement has been approved by the PRC banking regulatory authorities;
 - (c) The Private Placement has obtained registration approval from the CSRC;
 - (d) The Private Placement has obtained other necessary approvals (if necessary) from the regulatory authorities with the power of review and approval;
 - (e) The Subscriber's shareholder qualification to participate in the Private Placement has been approved by or filed with the PRC banking regulatory authorities (if necessary);
- (2) The PRC banking regulatory authority has issued a reply document for consent to the change of the registered capital of Bank of Cangzhou;
- (3) The competent authorities have not issued, promulgated or implemented any laws, regulations, rules, directives, orders or notices prohibiting the completion of the Private Placement;
- (4) All representations and warranties of Bank of Cangzhou in the Share Subscription Agreement shall be true, accurate and complete in all material respects on the closing date of the Share Subscription Agreement in respect of the obligations required to be performed by the Subscriber to effect the closing;
- (5) All representations and warranties of the Subscriber in the Share Subscription Agreement shall be true, accurate and complete in all material respects on the closing date of the Share Subscription Agreement in respect of the obligations required to be performed by Bank of Cangzhou to effect the closing;
- (6) Each of the approvals set out in item (1) of the above conditions precedent to the closing obligations and the resolutions set out in item (1) of the above conditions precedent to the payment obligations shall remain valid on the closing date; and
- (7) Bank of Cangzhou shall timely apply to the industry and commerce department for change of registration after all the closing conditions agreed by both parties have been satisfied, and timely complete the registration of custody required by He Bei Equity Exchange, and register the Subscriber as a shareholder of Bank of Cangzhou. The date on which the Subscriber registers as a shareholder of Bank of Cangzhou on the He Bei Equity Exchange in respect of the target shares acquired shall be the closing date or the record date.

INFORMATION ABOUT THE PARTIES

Information About Bank of Cangzhou

Bank of Cangzhou is a local corporate bank and has an important position in the financial system of Cangzhou City. As of the end of March 2023, its market share of deposits and loans was 11.83% and 10.46%, ranking fifth and fourth, respectively; it ranked top among city commercial banks in the province in terms of scale of deposits and loans, both ranking fourth; the growth rate of deposits and loans ranked second and first, respectively. While consolidating its local market share, the Bank of Cangzhou focused on the strategic goal of “being rooted in Cangzhou, based in Hebei, and expanding to Beijing and Tianjin”, and set up nine branches in different places of the province to promote the development of deposits and loans business outside the region. As of the end of March 2023, the balance of deposits and the balance of loans of the Bank of Cangzhou in different places accounted for 48.13% and 61.86% of that of Bank of Cangzhou, respectively.

According to the 2022 annual report of Bank of Cangzhou, its substantial shareholders and the ultimate beneficial owners of its substantial shareholders as of 31 December 2022 were as follows:

	Name of substantial shareholders	Percentage of shareholding in Bank of Cangzhou	Ultimate beneficial owner of substantial shareholders
1	Cangzhou Construction and Investment Group Co., Ltd.* (滄州市建設投資集團有限公司)	9.54%	Cangzhou Municipal People’s Government
2	Cangzhou Mingzhu Plastic Co., Ltd.* (滄州明珠塑料股份有限公司)	7.42%	Cangzhou Mingzhu Plastic Co., Ltd.* (滄州明珠塑料股份有限公司)
3	Beijing Lurun Guotai Investment Co., Ltd.* (北京魯潤國泰投資有限公司)	6.93%	Pei Xinlian (裴欣戀), Zhao Weijun (趙偉軍)
4	Hebei Bohai Investment Group Co., Ltd.* (河北渤海投資集團有限公司)	6.23%	Cangzhou Municipal People’s Government
5	Cangzhou Municipal Engineering Company Limited	3.92%	Cangzhou Municipal Engineering Company Limited
6	Renqiu Yuanping Meijing Commercial Plaza Co., Ltd.* (任丘源平美璟商業廣場有限公司)	3.19%	Hao Keqing (郝克清), Hao Siqu (郝思琪)
7	Cangzhou Jianxin Real Estate Development Co., Ltd.* (滄州建新房地產開發有限公司)	2.56%	Zhu Shouchen (朱守琛), Huang Jifen (黃吉芬), Zhu Zerui (朱澤瑞)
8	Oriental Green Energy-Saving Environmental Protection Engineering Co. Ltd.	2.47%	Beijing Jinxi Investment Holding Co. Ltd.
9	Cangzhou China Railway Equipment Manufacturing Materials Co., Ltd.* (滄州中鐵裝備製造材料有限公司)	2.45%	Sun Jimu (孫紀木), Sun Chunli (孫春莉)
10	Jingdong Rubber Co., Ltd.	2.25%	Jingdong Rubber Co., Ltd.
11	Tangshan Reafon Steel (Group) Co., Ltd.	2.03%	Fu Songyang (付嵩洋), Dong Ruiqin (冬瑞芹)

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, the substantial shareholders of Bank of Cangzhou and their ultimate beneficial owners are consistent with the above disclosure and are third parties independent from the Company and the connected persons of the Company.

Certain financial information of Bank of Cangzhou is set out below (based on its audited financial statements for the years ended 31 December 2021 and 31 December 2022, respectively):

	For the year ended 31 December 2022	For the year ended 31 December 2021
	(Audited)	(Audited)
	<i>Approximate RMB million</i>	<i>Approximate RMB million</i>
Revenue	4,081.04	3,636.83
Net profit before tax	1,554.88	1,444.93
Net profit after tax	1,211.32	1,242.12

The audited net asset value of Bank of Cangzhou as at 31 December 2022 was approximately RMB13,938,997,771.98.

The Group

The principal business of the Group is mining and processing of mines. After more than ten years of development, the Group has formed a large enterprise group integrating mining and processing of iron ores, sales of mineral products and production and sales of sand and gravel materials for construction.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SHARE SUBSCRIPTION AGREEMENT

As the risk of the Group's mineral resources increased, the Group has been committed to adjusting the Group's development strategy for separate investment risk. The Group is also actively exploring the market and preparing to invest and develop in other industries.

After investigation and research, the Group believes that the participation in the Subscription will help the Group to diversify its investment risks, take a diversified business path and expand its development space, which will not only greatly reduce the single business model of the Company and deal with the risks of resource depletion; moreover, it can broaden its vision and expand the Company's development space, and also accumulate experience for the Company's subsequent investment in other industries.

Secondly, the participation in the Subscription will also help the Group to optimize its asset allocation. Given the current economic downturn in the country, the Company will be exposed to certain risks based on the operation of a single product. In addition, the government will adjust the monetary policy to stimulate economic recovery and development and boost market confidence, which requires the banking industry to provide diversified financial support for economic development. The banking industry will increase its business volume and thus achieve a substantial profit. Therefore, the Board believes that if the Group can participate in the Subscription, it will bring significant development opportunities to the Group. In addition, according to the overall planning of the Group, in addition to the mining and mineral processing business, the Group also closely focuses on the construction of Xiong'an and vigorously develops the green building materials business. The Group has invested a large amount of funds in the construction of sand and gravel materials production lines, coupled with the slow payment collection of the construction industry, resulting in a large demand for funds by the Group. Based on the above, the Board is of the view that if the Group can participate in the Subscription, the Group will be able to establish a close cooperation relationship with the banking system and create more favourable conditions for expected low-cost financing.

In view of the foregoing, the Board considers that the terms of the Share Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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Shareholders and potential investors of the Company should note that the closing is subject to the satisfaction of the conditions precedent. Accordingly, the Subscription may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in any securities of the Company.

Definitions

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“Board”	the board of Directors of the Company
“Business Day”	any day other than Saturday or Sunday and the dates on which banks in the PRC may or may be required by applicable laws to take leave
“Bank of Cangzhou”	Bank of Cangzhou Co., Ltd. (滄州銀行股份有限公司), a joint stock company established in the PRC with limited liability

“Company”	Aowei Holding Limited (奧威控股有限公司), a company incorporated in the British Virgin Islands and continued in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PBOC”	Central Bank of China
“PRC”	the People’s Republic of China
“Private Placement”	the proposed placement of not more than 2 billion RMB ordinary shares with a par value of RMB1 each by Bank of Cangzhou to specific targets including the subscribers
“RMB”	Renminbi, the lawful currency of the PRC
“Share Subscription Agreement”	the agreement dated 29 August 2023 entered into between the Subscriber and Bank of Cangzhou in relation to the Subscription
“Shareholder(s)”	Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Laiyuan County Jiheng Mining Co., Ltd.* (涞源縣冀恒礦業有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Subscription”	subscription of the Target Shares by the Subscriber pursuant to the terms of the Share Subscription Agreement
“Subscription Monies”	the total consideration for the Subscription being a sum not exceeding RMB115,000,000

“Target Shares” 50,000,000 newly issued RMB ordinary shares to be issued by Bank of Cangzhou and to be subscribed by the Subscriber for the Subscription Monies pursuant to the Share Subscription Agreement

“%” per cent

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

Beijing, the People’s Republic of China, 29 August 2023

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

* *for identification purpose only*