奧威控股
AOWEI HOLDING LIMITED

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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

The revenue of the Group for the Reporting Period was approximately RMB323.7 million, representing a decrease of approximately RMB32.1 million or 9.0% as compared with the corresponding period last year.

The Group's gross profit for the Reporting Period was approximately RMB46.7 million, representing a decrease of approximately RMB37.2 million or 44.4% as compared with the corresponding period last year; the Group's gross profit margin for the Reporting Period was approximately 14.4%.

The Group recorded a loss attributable to equity shareholders of the Company of approximately RMB50.6 million for the Reporting Period, as compared to a loss of approximately RMB65.7 million for the corresponding period last year.

The basic loss per share attributable to equity shareholders of the Company for the Reporting Period was RMB0.03 per share, as compared to the basic loss per share of RMB0.04 per share (restated) for the corresponding period of last year.

The Board of the Company does not recommend the payment of any interim dividend for the Reporting Period.

The board (the "**Board**") of directors (the "**Directors**") of Aowei Holding Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2024 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2023, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Restated)
Revenue	*4*	**323,731**	355,846
Cost of sales		**(277,059)**	(271,918)
Gross profit		**46,672**	83,928
Other income, gains and losses, net	*6*	**2,365**	484
Distribution costs		**(821)**	(2,210)
Administrative expenses		**(59,684)**	(49,203)
Impairment losses under expected credit loss model, net of reversal	*8*	**(10,128)**	(8,800)
Impairment losses of property, plant and equipment		**–**	(37,391)
Finance costs	*7*	**(30,720)**	(26,469)
Loss before tax		**(52,316)**	(39,661)
Income tax credit (expense)	*9*	**1,729**	(25,677)
Loss for the period from continuing operations	*10*	**(50,587)**	(65,338)
Discontinued operation			
Loss for the period from discontinued operation		**–**	(411)
Loss for the period		**(50,587)**	(65,749)
Other comprehensive expense for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(69)**	(14)
Total comprehensive expense for the period		**(50,656)**	(65,763)

	Note	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Restated)
Loss per share in RMB	*12*		
From continuing and discontinued operations			
Basic		**(0.03)**	(0.04)
Diluted		**N/A**	N/A
From continuing operations			
Basic		**(0.03)**	(0.04)
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2024

	Notes	**At 30 June 2024** *RMB'000* **(Unaudited)**	At 31 December 2023 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment	*13*	**1,100,180**	1,152,723
Construction in progress	*14*	**177,681**	173,263
Intangible assets		**50,664**	54,574
Equity instruments at fair value through other comprehensive income		**51,091**	–
Deposit paid for acquisition of equity instruments		**–**	51,091
Pledged bank deposit		**156,688**	154,413
Prepayments	*15*	**28,806**	31,201
Deferred tax assets		**147,323**	166,637
		1,712,433	1,783,902
Current assets			
Inventories		**99,792**	111,646
Trade and other receivables	*15*	**221,928**	244,011
Restricted bank balances		**27,005**	26,970
Cash and cash equivalents		**53,822**	34,482
		402,547	417,109
Current liabilities			
Trade and other payables	*16*	**179,571**	238,938
Contract liabilities		**6,725**	2,830
Lease liabilities		**720**	1,697
Bank and other borrowings		**516,992**	472,000
Tax payable		**19,787**	40,830
Deferred income		**960**	960
Provision for reclamation obligations		**1,422**	631
		726,177	757,886

	At **30 June** **2024** ***RMB'000*** **(Unaudited)**	At 31 December 2023 *RMB'000* (Audited)
Net current liabilities	**(323,630)**	(340,777)
Total assets less current liabilities	**1,388,803**	1,443,125
Non-current liabilities		
Bank borrowings	**437,500**	440,000
Deferred income	**10,560**	11,040
Provision for reclamation obligations	**25,802**	26,488
	473,862	477,528
Net assets	**914,941**	965,597
Capital and reserves		
Share capital	**131**	131
Reserves	**914,810**	965,466
Total equity	**914,941**	965,597

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. GENERAL INFORMATION

Aowei Holding Limited (the "**Company**") was incorporated in the British Virgin Islands on 14 January 2011 and redomiciled to the Cayman Islands on 23 May 2013 as an exempted company with limited liability under the Companies Law, Chapter 22 (2012 Revision, as consolidated and revised) of the Cayman Islands. The Company and its subsidiaries (together the "**Group**") are 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) the production and sales business of the green construction materials construction sand and gravel materials by recycling tailings and solid wastes in the People's Republic of China (the "**PRC**"). The registered address of the Company is located at P.O. Box 309, Ugland House Grand Cayman KY1-1104, Cayman Islands. The principal place of business of the Company is located at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.

Pursuant to a Group reorganisation (the "**Reorganisation**"), the Company became the holding company of the companies now comprising the Group for the public listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Details of the Reorganisation are set out in the prospectus of the Company dated 18 November 2013. The Company's shares were listed on the Stock Exchange on 28 November 2013.

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company is Hong Kong dollars ("**HK$**"). The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered Renminbi ("**RMB**") as their functional currency. As the major operations of the Group are within the PRC, the Group determined to present its consolidated financial statements in RMB.

As at 30 June 2024, the directors of the Company (the "**Directors**") considered the immediate parent and ultimate controlling parties of the Group to be Hengshi International Investments Limited, a company incorporated in the British Virgin Islands, and Mr. Li Yanjun and Mr. Li Ziwei, respectively. Hengshi International Investments Limited does not produce financial statements available for public use.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 have been prepared in accordance with International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board ("**IASB**") as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

As stated in the condensed consolidated financial statements, the Group's incurred a loss of RMB50,587,000 as at 30 June 2024 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB323,630,000, and the Group's borrowings due within one year amounted to approximately RMB516,992,000 and has capital commitments of approximately RMB19,733,000, while its cash and cash equivalents amounted to approximately RMB53,822,000 only. These events and conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern after taking into consideration the followings:

(1) The Group will actively negotiate with banks for the renewal of the Group's bank borrowings when they fall due in order to secure necessary funds to meet the Group's working capital and financial requirements in the foreseeable future. In the opinion of the Directors, the Group will be able to roll over or refinance the bank borrowings upon their maturity;

(2) To realise the non-current assets, if necessary; and

(3) The executive directors, Mr. Li Yanjun who is also the chairman and one of the ultimate controlling parties of the Company, and Mr. Li Ziwei (also known as Leung Hongying Li Ziwei) who is also the chief executive officer and one of the ultimate controlling parties of the Company (collectively referred to the "**Substantial Shareholders**") have undertaken to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligations to third parties as and when they fall due. If necessary, the Substantial Shareholders will use their unsecured shares of the Company to provide the financial support to the Group.

Accordingly, the Directors consider that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriates.

Other than additional/change in accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**"), and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

3.1 Impacts on application of Amendments to IAS 1 Classification of Liabilities as Current or Non-current (the "2020 Amendments") and Amendments to IAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

3.1.1 Accounting policies

Convertible loan notes (with conversion options not meeting "**fixed for fixed criterion**")

When determining the classification of convertible loan notes as current or non-current, the Group considers both the redemption through cash settlement and the transfer of the Group's own equity instruments as a result of exercise of conversion options by holders as settlement of the convertible loan notes.

3.1.2 Transition and summary of impact

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements.

4. REVENUE FROM CONTRACT WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

For the six months ended 30 June 2024 (unaudited)

	Mining segment *RMB'000*
Types of goods	
Iron ore concentrates	**306,694**
Gravel materials	**17,037**
Total	**323,731**
Geographical markets	
The PRC	**323,731**
Timing of revenue recognition	
A point in time	**323,731**

For the six months ended 30 June 2023 (unaudited)

	Mining segment *RMB'000*
Types of goods	
Iron ore concentrates	307,922
Gravel materials	47,924
Total	355,846
Geographical markets	
The PRC	355,846
Timing of revenue recognition	
A point in time	355,846

5. OPERATING SEGMENTS

Information reported to the Directors, being the chief operating decision maker (the "**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments under IFRS 8 *Operating Segments* are as follows:

– Mining segment: the exploration, mining, processing and trading of iron ore products and major products including iron ores, preliminary concentrates and iron ore concentrates and the production and sales business of the green construction materials construction sand and gravel material by recycling tailings and solid wastes.

An operating segment regarding the provision of hospital management, establishment of specialist clinics, supply of medical consumables and nursing service was discontinued in the year ended 31 December 2023 (the "**Medical Segment**"). The segment information reported below does not include any amount for this discontinued operation.

After discontinued the operation of the Medical Segment, information reported to the CODM for the purpose of resources allocation and assessment focuses on revenue analysis by types of services. No other discrete financial information is provided other than the Group's results and financial position as a whole.

6. OTHER INCOME, GAINS AND LOSSES, NET

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	**–**	333
Loss on written-off of property, plant and equipment	**(434)**	–
Government grant	**480**	–
Interest income	**2,319**	151
	2,365	484

7. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expenses on:		
– Bank borrowings	**29,785**	25,533
– Discounted bills	**29**	–
– Lease liabilities	**23**	55
Unwinding interest expenses on:		
– Provision for reclamation obligations	**883**	881
	30,720	26,469

8. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Reversal of impairment losses on:		
Trade receivables	**1,604**	761
Other receivables	**50**	2
Impairment losses on:		
Trade receivables	**(11,558)**	(9,355)
Other receivables	**(224)**	(208)
	(10,128)	(8,800)

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023.

9. INCOME TAX CREDIT (EXPENSE)

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
Provision for the period	**–**	(3,130)
Overprovision in prior years		
PRC Enterprise Income Tax	**21,043**	–
Deferred tax		
Current period	**(19,314)**	(22,547)
	1,729	(25,677)

10. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Loss for the period from continuing operations has been arrived at after charging:		
Staff costs (include directors' and chief executive's emoluments):		
– Salaries and other benefits in kind	**31,719**	37,893
– Retirement benefits scheme contributions	**6,265**	6,717
– Redundancy cost	**1,129**	–
Total staff costs	**39,113**	44,610
Capitalised in inventories	**(16,607)**	(26,586)
	22,506	18,024
Transportation service fees	**62,500**	71,504
Capitalised in inventories	**(61,679)**	(69,267)
	821	2,237
Depreciation of property, plant and equipment	**46,800**	36,954
Depreciation of right-of-use assets	**5,711**	5,627
Amortisation of intangible asset	**3,910**	4,251
Total depreciation and amortisation	**56,421**	46,832
Capitalised in inventories	**(42,351)**	(38,032)
	14,070	8,800
Cost of inventories recognised as an expense	**274,613**	269,294

11. DIVIDENDS

No dividends were paid, declared or proposed during the current interim period (six months ended 30 June 2023: Nil). The Directors have determined that no dividend will be paid in respect of the current interim period.

12. LOSS PER SHARE

For continuing operations

The calculation of the basic loss per share from continuing operations attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company	**(50,587)**	(65,749)
Add: Loss for the period from discontinued operation	**–**	411
Loss for the purpose of basic loss per share from continuing operations	**(50,587)**	(65,338)

	Six months ended 30 June	
	2024	2023
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,635,330**	1,635,330

For continuing and discontinued operation

The calculation of the basic loss per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period from the continuing and discontinued operations attributable to owners of the Company for the purpose of basic loss per share	**(50,587)**	(65,749)

From discontinued operation

For the six months ended 30 June 2023, basic loss per share for the discontinued operation is RMB0.00025 per share based on the loss for the period from the discontinued operation of approximately RMB441,000 and the denominators detailed above for both basic and diluted loss per share.

No diluted loss per share for both six months ended 30 June 2024 and 2023 were presented as there were no potential ordinary shares in issue for both six months ended 30 June 2024 and 2023.

13. PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

There is no new or renew of lease agreement during the current interim period.

During interim period ended 30 June 2023, the Group renewed a lease agreement with a lease term of two years. On the date of lease commencement, the Group recognised right-of-use assets of approximately RMB827,000 and lease liabilities of RMB827,000. The annual lease payment terms are fixed.

Lease prepayments comprise interests in leasehold land held for own use under operating leases located in the PRC, with original lease periods over 5 to 50 years. Up to the issue of these condensed consolidated financial statements, the Group is still in the process of applying for the title certificates of certain of its leasehold land with a carrying amount of approximately RMB52,972,000 (31 December 2023: approximately RMB57,206,000). The Directors are of the opinion that the Group is entitled to lawfully and validly occupy or use of the above-mentioned properties and leasehold land.

(b) Property, plant and equipment (included right-of-use assets)

During the current interim period, the Group acquired of property, plant and equipment (including right-of-use assets) with a cost of approximately RMB328,000 (six months ended 30 June 2023: approximately RMB9,440,000) and the depreciation of property, plant and equipment (including right-of-use assets) charged for the six months ended 30 June 2024 was approximately RMB52,511,000 (six months ended 30 June 2023: approximately RMB42,581,000).

During the current interim period, the Group has written-off of property, plant and equipment with an aggregate carrying amount of approximately RMB434,000 (six months ended 30 June 2023: Nil), resulting in a loss on written-off of approximately RMB434,000 (six months ended 30 June 2023: Nil).

There is no disposal of property, plant and equipment during the current interim period.

During the six months ended 30 June 2023, the Group disposed of property, plant and equipment with an aggregate carrying amount of approximately RMB240,000 for proceeds of approximately RMB573,000, resulting in a gain on disposal of approximately RMB333,000.

The Group's property, plant and equipment are substantially located in the PRC. As at 30 June 2024, the Group had not obtained title certificates of certain of its buildings and plants with an aggregate carrying amount of approximately RMB223,935,000 (31 December 2023: approximately RMB228,362,000). The Directors are of the opinion that the Group is entitled to lawfully and validly occupy or use of the above-mentioned properties.

14. CONSTRUCTION IN PROGRESS

During the current interim period, additions of construction in progress of the Group, representing mainly the green mines building costs, processing plant, machinery and equipment under construction and installation, amounted to approximately RMB4,492,000 (six months ended 30 June 2023: RMB11,982,000).

15. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 *RMB'000* (Unaudited)	At 31 December 2023 *RMB'000* (Audited)
Trade receivables	**119,378**	115,477
Less: Allowance for credit losses	**(18,803)**	(8,849)
Total trade receivables, net *(Note (a))*	**100,575**	106,628
Bills receivables *(Note (b))*	**2,465**	2,950
Prepayments and deposits *(Note (c))*	**121,760**	130,086
Value-added tax recoverable	**–**	10,000
Other receivables	**29,577**	29,017
	151,337	169,103
Less: Allowance for credit losses	**(3,643)**	(3,469)
Total other receivables, net	**147,694**	165,634
Prepayments classified as non-current assets	**(28,806)**	(31,201)
Other receivables, net	**118,888**	134,433
Trade and other receivables, net	**221,928**	244,011

Notes:

(a) Ageing analysis

Under certain circumstances, a credit period of up to one year is granted to customers that have a good track record with the Group and in good credit condition.

The following is an aged analysis of trade receivables, presented based on invoice dates, net of allowance for credit losses.

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 30 days	**1,050**	1,585
31 to 90 days	**13,020**	13,236
91 to 180 days	**5,914**	26,803
181 to 365 days	**36,427**	25,692
Over 365 days	**44,164**	39,312
	100,575	106,628

(b) As at 30 June 2024, total bills receivable amounting to approximately RMB2,465,000 (31 December 2023: RMB2,950,000) are held by the Group for future settlement of trade receivables. The Group continues to recognise their full carrying amounts at the end of the reporting period. All bills received by the Group are with a maturity period of less than one year.

(c) Prepayments and deposits mainly represent advance payments made to the following Group's transportation service providers.

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Laiyuan County Huiguang Logistics Co., Ltd*	**17,500**	30,224
Laiyuan County Aotong Transportation Co., Ltd.*	**6,422**	–
Laiyuan County Ruitong Transportation Co., Ltd.*	**41,394**	38,606
	65,316	68,830

* *For identification purpose only*

16. TRADE AND OTHER PAYABLES

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Trade payables	**79,085**	94,279
Other taxes payable	**10,068**	18,843
Payables for construction work and equipment purchases	**55,812**	69,429
Interest payables	**1,659**	1,693
Other payables and accruals	**32,947**	54,694
	179,571	238,938

Notes:

(a) The following is an aged analysis of trade payables, presented based on invoice dates:

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
0 to 30 days	**22,168**	36,206
31 to 90 days	**13,976**	17,226
91 to 180 days	**3,779**	5,144
181 to 365 days	**9,214**	5,691
Over 365 days	**29,948**	30,012
	79,085	94,279

MANAGEMENT DISCUSSION AND ANALYSIS

IRON ORE BUSINESS

Market Review

In the first half of 2024, the Chinese government undertook deep adjustments to the real estate market to curb its volatility. According to public data, in the first half of 2024, real estate development investment decreased year-on-year by 10.1%. Affected by the downturn cycle in the real estate industry, the demand for construction steel has been impacted to a certain extent, leading to a significant decline in steel consumption. The domestic steel capacity utilization rate has decreased, resulting in severe overcapacity. The market price of steel has fluctuated downward, and the profit from steel raw materials has receded, providing insufficient support for steel prices. Consequently, the price of iron ore has also come under pressure and declined.

In the first half of 2024, due to the contraction in end demand for steel, steel mills' profits shrank, the supply and demand pattern of iron ore continued to weaken, and the weak demand suppressed the ore price. The overall trend of iron ore prices showed a fluctuating weakening pattern, with the 62% iron ore Platts Index continuously dropping from the highest point at the beginning of the year of US$143.95 per ton to US$106.7 per ton. In the first half of 2024, under the situation of strong supply and weak demand, the port inventory of iron ore mainly showed an accumulation trend. According to public data, as of the end of June 2024, the port inventory of imported iron ore was approximately 149.3 million tons, representing an increase of approximately 21.8 million tons or 17.2% compared to the same period last year.

Business Review

Facing the pressure of weak demand and continuous decline in prices of iron ore, the Group has always maintained a prudent attitude, closely monitored the market trend and actively adjusted its sales strategy, as well as continued to strengthen risk control and deepen the mechanism of cost reduction and efficiency improvement. Additionally, the Group actively optimized asset allocation and production structure to enhance the risk resistance and sustainable profitability of the Group. In the first half of 2024, affected by the fact that the open-pit mining portion of iron mine of Laiyuan County Jiheng Mining Co., Ltd. ("**Jiheng Mining**"), a subsidiary of the Group, had been substantially completed and mining activities had been suspended, the production and sales volume of iron ore concentrates of the Group decreased compared to the same period last year, resulting in a loss recorded by the Group during the Reporting Period. As of 30 June 2024, the Group's output of iron ore concentrates was approximately 337.5 Kt, representing a decrease of approximately 11.6% as compared with the corresponding period last year; during the Reporting Period, the Group's sales of iron ore concentrates were approximately 358.3 Kt, representing a decrease of approximately 9.4% as compared with the corresponding period last year.

The following table sets forth a breakdown of the production and sales volume of each of the operating subsidiaries of the Group:

	Six months ended 30 June Output (Kt)			Six months ended 30 June Sales Volume (Kt)			Six months ended 30 June Average Sales Price (RMB)		
The Group	**2024**	2023	% of change	**2024**	2023	% of change	**2024**	2023	% of change
Jiheng Mining	**–**	100.27	-100%	**–**	102.78	-100%	**–**	765.10	-100%
Jingyuancheng Mining	**337.53**	281.66	19.8%	**358.26**	292.60	22.4%	**856.06**	783.60	9.2%
Iron ore concentrates									
Total	**337.53**	381.93	-11.6%	**358.26**	395.38	-9.4%	**856.06**	778.79	9.9%

Notes:

(1) The iron ore business of Jiheng Mining is temporarily suspended.

(2) The TFe grade of iron ore concentrates sold by Jingyuancheng Mining was 66%.

MINES IN OPERATION

Wang'ergou Mine and Shuanmazhuang Mine

Wang'ergou Mine and Shuanmazhuang Mine, which are both wholly-owned and operated by our wholly-owned subsidiary, Jingyuancheng Mining, are located in Zoumayi Village, Laiyuan County, the PRC. The areas covered by the mining licenses for Wang'ergou Mine and Shuanmazhuang Mine are 1.5287 sq.km. and 2.1871 sq.km., respectively. Wang'ergou Mine and Shuanmazhuang Mine have comprehensive basic infrastructure such as water, electricity and highway. As of 30 June 2024, the aggregate annual mining capacity of Wang'ergou Mine and Shuanmazhuang Mine was 14.0 Mtpa, and the dry processing capacity and wet processing capacity were 17.6 Mtpa and 3.5 Mtpa, respectively.

During the Reporting Period, Wang'ergou Mine and Shuanmazhuang Mine had not conducted new exploration activities, and had no new exploration expenses.

The following table sets forth a breakdown of the production of Wang'ergou Mine and Shuanmazhuang Mine:

Items	Unit	Six months ended 30 June 2024	2023	% of change
Mine				
Of which: raw ores	Kt	**6,054.37**	5,078.36	19.2%
Stripping in production	Kt	**3,457.22**	2,978.78	16.1%
Stripping ratio in production	t/t	**0.57**	0.59	-3.4%
Dry processing				
Raw ore feed	Kt	**6,238.23**	4,966.43	25.6%
Preliminary concentrates output	Kt	**981.03**	810.72	21.0%
Raw ore feed/preliminary concentrates output	t/t	**6.36**	6.13	3.8%
Wet processing				
Preliminary concentrates feed	Kt	**1,153.51**	961.56	20.0%
Iron ore concentrates output	Kt	**337.53**	281.66	19.8%
Preliminary concentrates feed/iron ore concentrates output	t/t	**3.42**	3.41	0.3%

The following table sets forth a breakdown of the average unit cash operating costs of the iron ore concentrates of Wang'ergou Mine and Shuanmazhuang Mine:

Unit: RMB per ton	Six months ended 30 June 2024	2023	% of change
Mining costs	**329.63**	340.31	-3.1%
Dry processing costs	**115.09**	148.37	-22.4%
Wet processing costs	**127.68**	109.14	17.0%
Administrative expenses	**62.17**	58.71	5.9%
Distribution expenses	**–**	1.82	-100%
Taxation	**36.3**	33.22	9.3%
Total	**670.87**	691.57	-3.0%

During the Reporting Period, the average unit cash operating cost for iron ore concentrates of Wang'ergou Mine and Shuanmazhuang Mine decreased compared with the same period last year, which was mainly due to the combined effect of the decrease in the unit cost of raw material consumables in the mining and dry processing stages, and the increase in safety production costs in the wet processing stage during the Reporting Period.

Green Construction Materials – Construction Sand and Gravel Materials Business

The Company adheres to the national concept of "Ecological Priority and Green Development" and takes "Solid Waste Recycling, Ecological Restoration and Industrial Extension" as the development direction. The Company makes full use of its own abundant and high-quality solid waste resources, actively promotes the comprehensive utilisation of solid waste through advanced and excellent process equipment, and carries out the green construction materials, sand and gravel materials business.

As of 30 June 2024, the total treatment capacity of the Group's solid waste comprehensive utilisation projects was approximately 6.4 Mtpa, of which the treatment capacity of the solid waste comprehensive utilisation project of Jiheng Mining was 3.7 Mtpa; the treatment capacity of the solid waste comprehensive utilisation project of Jingyuancheng Mining was approximately 2.7 Mtpa.

The following is a breakdown of the Group's production and sales of sand and gravel materials:

The Group	As of 30 June Output (Kt)			As of 30 June Sales volume (Kt)			As of 30 June Average sales price (RMB)			As of 30 June Average unit cash operating costs (RMB)		
	2024	2023	% of change	**2024**	2023	% of change	**2024**	2023	% of change	**2024**	2023	% of change
Building stones	**244.29**	849.77	-71.3%	**220.03**	859.78	-74.4%	**32.40**	30.83	5.1%	**18.22**	13.99	30.2%
Crushed sand	**221.92**	925.94	-76.0%	**240.32**	504.63	-52.4%	**33.79**	38.90	-13.1%	**26.41**	22.82	15.7
Total	**466.21**	1,775.71	-73.7%	**460.35**	1,364.41	-66.3%	**33.12**	33.80	-2.0%	**22.1**	18.60	18.9%

The decrease in production and sales volume of sand and gravel materials during the Reporting Period as compared to the same period last year was mainly attributable to the impact of the continuous heavy rain disaster in late July 2023, which resulted in impurities seeping into the finished sand and gravel materials products stocked by Jingyuancheng Mining, leading to the inventory backlog; and the partial suspension of production of the sand and gravel materials business by the Company due to the reconstruction of damaged road facilities in Jiheng Mining.

During the Reporting Period, the average unit cash operating cost for sand and gravel materials of the Group increased compared with the same period last year, which was mainly due to the increase in the unit cost of raw materials used for processing gravel and mechanism sand during the Reporting Period, as well as the increase in unit labour costs as a result of the decrease in output.

SAFETY AND ENVIRONMENTAL PROTECTION

The Group attached great importance to the occupational health and safety of employees, strictly complied with relevant laws and regulations, and aimed for "zero fatalities, zero serious injuries" as its safety goal. The Group adhered to the principle of "prioritising safety, emphasising prevention and managing comprehensively", established a sound occupational health and safety production and management system, strengthened employees' knowledge of occupational health and safety, and laid a solid foundation for occupational health and safety management to safeguard the safety and health of all employees and cooperative partners. In addition, the Group was also committed to protecting our environment, strictly complying with the environmental and climate-related laws and regulations issued by the Chinese government, and actively reviewing and assessing the environmental risks brought by its business operations. In addition, through the establishment of a comprehensive environmental management system, it has actively taken multiple measures to promote green, low-carbon environmental education, enhance environmental awareness, and minimise or avoid the adverse impact of daily operations on the environment. During the Reporting Period, there were no material safety and environmental incidents in the Group's operations.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Reporting Period was approximately RMB323.7 million, representing a decrease of approximately RMB32.1 million or 9.0% as compared with the corresponding period of last year, which was mainly due to the combined effect of the decrease in production and sales volume of the Group's iron ore concentrates and gravel materials, as well as the increase in the selling price of iron ore concentrates during the Reporting Period as compared to the corresponding period of last year.

Cost of Sales

The Group's cost of sales for the Reporting Period was approximately RMB277.1 million, representing an increase of approximately RMB5.2 million or 1.9% as compared to the corresponding period of last year. The reason for the insignificant change in cost of sales was mainly attributable to the decrease in sales volume of the Group's iron ore concentrates and gravel materials, coupled with a slight increase in the unit product sales cost during the Reporting Period.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the Reporting Period was approximately RMB46.7 million, while the gross profit for the corresponding period of last year was approximately RMB83.9 million. The decrease in gross profit was mainly due to the decrease in sales volume of iron ore concentrates during the Reporting Period. The gross profit margin decreased by approximately 9.2% as compared to the corresponding period of last year, which was 14.4%.

Distribution Expenses

The Group's distribution expenses for the Reporting Period were approximately RMB0.8 million, representing a decrease of approximately RMB1.4 million as compared with the corresponding period of last year, which was mainly due to the decrease in transportation costs generated by the replacement of sand and gravel materials products in the mining area of the Group during the Reporting Period.

Administrative Expenses

The Group's administrative expenses for the Reporting Period were approximately RMB59.7 million, representing an increase of approximately RMB10.5 million or 21.3% as compared to the corresponding period of last year, which was mainly due to the increase in the loss expenses from work suspension included in the Group's management costs during the Reporting Period.

Finance Costs

The Group's finance costs for the Reporting Period were approximately RMB30.7 million, representing an increase of approximately RMB4.2 million or 16.1% as compared with the corresponding period of last year, which was mainly due to the increase in the average balance of the Group's bank borrowings during the Reporting Period as compared with the corresponding period last year. Finance costs consist of interest expenses on bank borrowings and other finance expenses.

Income Tax Credit (Expense)

The Group's income tax credits for the Reporting Period were approximately RMB1.7 million, while the income tax expenses for the corresponding period of last year were approximately RMB25.7 million. The income tax credit comprises the sum of current tax and deferred tax, which included overprovision of current tax in prior year of approximately RMB21.0 million and deferred tax of approximately RMB19.3 million.

Total Loss of the Group for the Period

The Group's loss after tax for the Reporting Period was approximately RMB50.6 million, representing a decrease in loss of approximately RMB15.1 million as compared with the corresponding period of last year, which was mainly due to the combined effect of the decrease in gross profit as a result of the decrease in sales volume of iron ore concentrates, and no impairment loss on property, plant and equipment during the Reporting Period.

Property, Plant and Equipment

The net carrying value of the Group's property, plant and equipment amounted to approximately RMB1,100.2 million as of 30 June 2024, representing a decrease of approximately RMB52.5 million or 4.6% as compared with the end of last year, which was mainly due to the provision for depreciation of the property, plant and equipment.

Construction in Progress

Construction in progress of the Group amounted to approximately RMB177.7 million as of 30 June 2024, representing an increase of approximately RMB4.4 million as compared with the end of last year.

Intangible Assets

Intangible assets of the Group mainly include mining rights and related premium paid to obtain the mining rights. As of 30 June 2024, the net value of the Group's intangible assets was approximately RMB50.7 million, representing a decrease of approximately RMB3.9 million as compared with the end of last year.

Inventories

Inventories of the Group amounted to approximately RMB99.8 million as of 30 June 2024, representing a decrease of approximately RMB11.8 million or 10.6% as compared with the end of last year, which was mainly due to the decrease in inventories of finished goods during the Reporting Period.

Trade and Other Receivables

The Group's trade and bills receivables amounted to approximately RMB103.0 million as of 30 June 2024, representing a decrease of approximately RMB6.6 million as compared with the end of last year, which was mainly due to the decrease in amount of credit sales during the credit period. The Group's other receivables amounted to approximately RMB147.7 million as of 30 June 2024, representing a decrease of approximately RMB17.9 million as compared with the end of last year, which was mainly due to the decrease in prepayments and deposits.

Trade and Other Payables

The Group's trade payables amounted to approximately RMB79.1 million as of 30 June 2024, representing a decrease of approximately RMB15.2 million as compared with the end of last year, which was mainly due to the decrease in trade payables to main suppliers. The Group's other payables amounted to approximately RMB100.5 million as of 30 June 2024, representing a decrease of approximately RMB44.1 million as compared with the end of last year, which was mainly due to the decrease in the accruals during the Reporting Period.

Lease Liabilities

At as 30 June 2024, the lease liabilities of the Group amounted to approximately RMB0.7 million, including current and non-current liabilities, representing a decrease of approximately RMB1.0 million as compared with the end of last year.

Cash and Borrowings

As of 30 June 2024, the cash and cash equivalents balances of the Group amounted to approximately RMB53.8 million, representing an increase of approximately RMB19.3 million as compared with the end of last year. As of 30 June 2024, bank and other borrowings of the Group was approximately RMB954.5 million, representing an increase of approximately RMB42.5 million or 4.7% as compared to the end of last year. The interest rates of the borrowings as of 30 June 2024 ranged from 2.80% to 9.23% per annum. The Group's bank and other borrowings of approximately RMB517.0 million were accounted for as current liabilities as of 30 June 2024.

Save as disclosed above, the Group has no outstanding mortgages, pledges, bonds or other loan capital (issued or agreed to be issued), bank overdrafts, borrowings, acceptance liabilities or other similar liabilities, hire purchase and finance lease commitments, or any guarantees or other material contingent liabilities. The Directors have confirmed that there was no material change in the liabilities and contingent liabilities of the Group since 30 June 2024 and up to the date of this announcement.

As of 30 June 2024, the overall financial status of the Group remained in a good condition.

Gearing Ratio

The gearing ratio of the Group was approximately 45.1% as of 30 June 2024, representing an increase of approximately 3.7% as compared to the end of last year. The gearing ratio was calculated as total bank and other borrowings divided by total assets.

Capital Commitment

At 30 June 2024, the total capital commitments of the Group amounted to approximately RMB19.7 million (31 December 2023: approximately RMB19.8 million).

Interest Rate Risk and Foreign Currency Risk

The fair value interest rate risk of the Group is primarily related to bank and other borrowings. Most of the bank borrowings of the Group are due within one to three years. Therefore their fair value interest rate risk is low. The Company currently does not have an interest rate hedging policy. However, the management of the Group monitors interest rate exposure and will consider to hedge significant interest rate exposure if necessary.

The principal business of the Group is located in the PRC and the principal operation and transactions are carried out in RMB. Substantially all of the assets and liabilities of the Group are denominated in RMB. Since RMB is not freely convertible, the Chinese government may take actions to affect the exchange rate exposure, which may affect the Group's net assets, earnings and any dividends it declares if such dividends are translated into foreign currency. The Group had no hedging in respect of the exchange rate risk.

Significant Acquisitions and Disposals of Subsidiaries, Affiliated Companies and Joint Ventures

The Group did not have any significant acquisition and disposal of subsidiaries, affiliated companies and joint ventures for the Reporting Period.

Pledge of Assets and Contingent Liabilities

As of 30 June 2024, the Group's bank and other borrowings of RMB517.0 million and RMB437.5 million were secured by the Group's mining rights, right-of-use assets (land use right), properties and equipment, trade receivables, bank deposit, the land use rights, the tailings and solid waste and properties of a related party of the Group, and collectively secured by land use rights and properties of third parties and a related party and directors of the Company, respectively.

Save for those disclosed in this announcement, the Group had no material contingent liabilities as of 30 June 2024.

Future Plan and Outlook

Looking forward to the second half of the year, with the implementation of domestic real estate and infrastructure policies as well as equipment renewal policies, investment in infrastructure and manufacturing industry will maintain relatively high growth, and the decline in real estate investment is expected to narrow. As an important industrial basic raw material, the overall demand for steel will be boosted, supporting steel prices. Iron ore, the raw material for steel, may experience phased destocking. However, under the influence of negative factors such as crude steel control policies and the Federal Reserve's interest rate cuts, there will be pressure on the demand for iron ore. The strong supply and weak demand will continue to be evident, which may suppress the growth of iron ore prices.

In the face of a complex and severe market situation, the Group will further deepen the cost reduction and efficiency improvement mechanism, adopt effective refined management measures, continuously optimize and improve the production process, enhance production efficiency, reduce operating costs, improve product quality, and enhance the profitability of various businesses. In particular, due to the impact of the continuous heavy rain disaster in late July 2023, the sand and gravel materials stocked by Jingyuancheng Mining were infiltrated with impurities resulting in quality losses, Jingyuancheng Mining will take initiatives to improve the quality of sand and gravel materials in its inventory and complete the sale in the second half of the year. At the same time, taking into account that the open-pit iron ore mining portion of Jiheng Mining is basically complete, and due to the uneconomical nature of underground mining and the uncertainty of future market conditions, the Company may consider disposing of Jiheng Mining's iron ore business at an appropriate time to improve overall financial performance. In addition, to mitigate the impact of the suspension of Jiheng Mining's iron ore business on the Group's profitability, the Group will fully leverage its resource advantages in the green construction materials, sand and gravel materials business which will enhance the Group's profitability and promote its sustainable development under the high-pressure environmental protection situation, creating more economic value and long-term benefits for the Group and its shareholders.

SHARE OPTION SCHEME

As at the date of this announcement, the Company did not adopt any share option scheme.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding the Directors' dealings in the Company's securities. Specific enquiries have been made to all Directors of the Company and all Directors have confirmed that they have complied with the Model Code for the six months ended 30 June 2024.

COMPETING BUSINESS AND CONFLICTS OF INTERESTS

As at 30 June 2024, none of the Directors, controlling shareholders or substantial shareholders of the Company or any of their respective close associates (as defined under the Listing Rules) had any competing interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

In the first half of 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2024, the Group had 797 employees in total (the corresponding period in 2023: 988 employees in total). The total remuneration expenses and the amounts of other employees' benefit were approximately RMB39.1 million (the corresponding period in 2023: approximately RMB45.0 million). Employee costs include basic remuneration, incentive salary, social pension insurance, medical insurance, work-related injury insurance and other insurances required by the PRC government. According to the Group's remuneration policy, the employees' income is linked to the performance of individual employee and the operation performance of the Group. The employees of the Group have to participate in the pension scheme managed and operated by local municipal government. Subject to the approval of the municipal government, the Company has to make a 12% contribution to the pension scheme according to the average salary of Hebei Province, so as to provide funding to their pension.

STAFF TRAINING SCHEME

The Group is well aware that employees are an important foundation for the development of an enterprise, and attaches great importance to the sustainable development of our employees. By constantly improving the internal staff training system, the Group has formulated scientific and reasonable staff training and development plans, and adopted a training method that combines theory and practice to better help employees improve their vocational skills.

CORPORATE GOVERNANCE

Our Directors consider that good corporate governance is important in achieving effectiveness and integrity in management and internal procedures. We have complied with the Corporate Governance Code set out in Appendix C1 to the Listing Rules during the Reporting Period.

AUDIT COMMITTEE

The audit committee (the "**Audit Committee**") of the Company has terms of reference aligned with the code provisions as set out in Appendix C1 to the Listing Rules for the purpose of reviewing and providing supervision on the financial reporting process and internal controls of the Group. The Audit Committee consists of three independent non-executive Directors, namely Mr. Wong Sze Lok (Chairman), Mr. Meng Likun and Mr. Ge Xinjian.

The interim financial results of the Group for the six months ended 30 June 2024 are unaudited but have been reviewed by the Audit Committee, which was of the opinion that the results were prepared in accordance with the applicable accounting principles as well as the Listing Rules and that adequate disclosures have been made.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2024 (2023: Nil).

MAJOR LEGAL PROCEEDING

During the six months ended 30 June 2024 the Group was not involved in any major legal proceedings or arbitrations. To the best knowledge of the Directors, there is no pending or potential major legal proceeding or claim as of the date of this announcement.

SUBSEQUENT EVENT

Except as disclosed in the announcement, there is no material subsequent event affecting the Group which has occurred since 1 July 2024 and up to the date of this announcement.

PUBLICATION OF INTERIM RESULTS AND REPORT

This results announcement will be published on the website of Hong Kong Stock Exchange at www.hkexnews.hk and the Company's website at http://www.aoweiholding.com.

The Company's 2024 interim report containing all the information required under the Listing Rules will be published on the websites of the Company and Hong Kong Stock Exchange.

APPRECIATION

The Board would like to take this opportunity to express its appreciation to the management and employees of the Group for their contribution during the Reporting Period and also to give its sincere gratitude to all the shareholders, creditors, customers and business partners for their continued support.

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

Beijing, 28 August 2024

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, the independent non-executive Directors of the Company are Mr. Wong Sze Lok, Mr. Meng Likun and Mr. Ge Xinjian.