

*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)**

**QUARTERLY UPDATE ANNOUNCEMENT  
ON SUSPENSION OF TRADING**

This announcement is made by Aowei Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2)(a) and 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

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 announcement of the Company dated 30 April 2021 in relation to, among other things, the receipt of a letter to the Company from the Stock Exchange setting out the resumption guidance for the Company and the establishment of the Independent Investigation Committee by the Company to conduct an independent investigation on the Audit Issues; (iii) the announcement of the Company dated 13 May 2021 in relation to the resignation of KPMG as the auditor of the Company with effect from 13 May 2021; and (iv) the announcement of the Company dated 21 May 2021 in relation to the appointment of an independent investigator by the Company to conduct the Independent Investigation on the Audit Issues and the appointment of Asian Alliance (HK) CPA Limited as the new auditor of the Company (collectively, the “**Announcements**”). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

This announcement sets out (i) the business operations of the Group; (ii) the Resumption Guidance; and (iii) an update on the resumption progress as at the date of this announcement.

**BUSINESS OPERATIONS**

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; (ii) the provision of hospital management services (for the business of hospital management services, please refer to the inside information announcement published by the Company on 3 March 2020); and (iii) the green construction materials construction sand and gravel materials production and sales business in the People’s Republic of China (the “**PRC**” or “**China**”). The Group owns and operates three mines in Hebei Province, which has the largest steel production and iron ore consumption volumes in China. The Directors wish to state that despite the suspension of trading in the shares, the Group has been carrying on its business as usual and actively expanding its business scale in order to maximize the overall interest of Shareholders.

From 2020 to 2021, the PRC government spent a lot of resources and took a number of decisive prevention and control measures, as a result of which the COVID-19 pandemic was relieved and the domestic economic activities also gradually stabilized. In order to avoid the impact of the COVID-19 pandemic on the operations of the Company as much as possible, the Company has adopted various response plans and prevention and control measures, and utilized all resources to safeguard the health and safety of employees, endeavored to overcome the impact of the COVID-19 pandemic, ensured the smooth operation of production and operation, and strove to promote the recovery of performance, so as to minimize the impact of the COVID-19 pandemic on the Group.

## **Iron Ore Business**

In 2021, with the recovery of the global economy, the demand for steel increased significantly, and the demand for iron ore, as a raw material of steel, also increased accordingly. The supply and demand of iron ore showed a steady upward trend as compared to 2020, and the price of iron ore also increased significantly. Taking the iron ore Platts index of 62% as an example, the price of iron ore continued to rise from US\$164.50 per ton at the beginning of 2021 to set a record high of US\$233.10 per ton in mid-May 2021. The price of iron ore then fluctuated but remained at a high level. The Group paid close attention to the market dynamics, actively adjusted its marketing strategies, and improved its profitability through various cost reduction and efficiency enhancement initiatives so as to achieve higher economic benefits. Based on the preliminary assessment of the unaudited management accounts of the Group for the five months ended 31 May 2021 (the “**Period**”), the Group’s iron ore concentrates’ production and sales volume for the Period increased by more than 50% as compared to the corresponding period of last year.

## **Sand and Gravel Materials Business**

The year 2021 is the first year of the “14th Five-Year Plan” and an important period for the in-depth development of the large-scale development and construction of Xiong’an New Area. According to an article published by People’s Daily Online ([www.people.com.cn](http://www.people.com.cn)) on 22 June 2021, Xiong’an New Area has now entered the phase of large-scale construction, and recently the National Development and Reform Commission approved the 2021 first batch of central budget investment of RMB1.7 billion for the Beijing-Tianjin-Hebei synergistic development project, with focus on supporting the construction of major projects in Xiong’an New Area and accelerating the construction of more than 120 major projects such as municipal infrastructure, ecological engineering and public service supporting facilities.

The Company expects that, in the course of construction of Xiong’an New Area, the demand for construction sand and gravel materials will continue to grow and the demand is expected to be 120 million to 130 million tons per year from 2021 to 2025. Total demand is expected to be nearly 1,000 million tons from 2026 to 2035. The Group will fully grasp the historic opportunity arising from the construction of Xiong’an New Area in the Beijing-Tianjin-Hebei synergistic development, actively promote the green construction materials construction sand and gravel materials business, and reduce business operating costs and improve product quality through measures such as process improvement and refined management, so as to consolidate the Group’s competitive advantages in the sand and gravel materials market.

Currently, the concrete market in the vicinity of Xiong'an New Area is at equilibrium in terms of production and sales, and the sand and gravel industry is faced with continuous high pressure for green and eco-environment and is affected by relevant policies such as the formal decree to ban the exploitation of natural river sand. The capacity expansion of the industry is therefore restricted, resulting in a large gap. The Group has been actively expanding the construction sand and gravel materials production and sales business since 2019 and has been identifying any investment opportunities that may expand the Company's market share of sand and gravel materials in the Beijing-Tianjin-Hebei region. As disclosed in the announcement of the Company dated 25 June 2021, the Company is in the process of acquiring a solid waste comprehensive utilization sand and gravel plant project with an annual capacity of 2.7 million tons of solid wastes to expand the Company's gravel materials production capacity, expand the Company's market share of gravel materials in Xiong'an New Area and surrounding regions while reducing the operating costs of the Company's iron ore business to achieve higher economic benefits. (Details are set out in the announcement of the Company dated 25 June 2021). In the future, the Company will continue to identify suitable investment opportunities, or further expand the Company's market share of gravel materials in the Beijing-Tianjin-Hebei region by way of leasing or/and additional production capacity, with a view to achieving higher economic benefits.

Based on the preliminary assessment of the unaudited management accounts of the Group for the five months ended 31 May 2021 (the "Period"), the Group's production and sales volume of gravel materials for the Period increased by more than 100% as compared to the corresponding period of last year.

**Shareholders and potential investors should note that the information contained in this announcement is only based on the Board's preliminary assessment of the unaudited management accounts of the Group for the year ended 31 May 2021 and is not based on any figures or information audited or reviewed by the auditors. The Board cannot guarantee that the unaudited management accounts set out above truly reflect the financial results and position of the Group and such information may be misleading in the event of unaudited and any potential adjustments.**

**Shareholders and potential investors are also reminded not to place undue reliance on the unaudited financial information disclosed above and are advised to exercise caution when dealing in the securities of the Company.**

## **RESUMPTION GUIDANCE**

As disclosed in the announcement of the Company dated 30 April 2021, the Company has been notified by the Stock Exchange of the Resumption Guidance as follows:

- (i) conduct an appropriate independent investigation into the Audit Issues, assess the impact on the Company's business operation and financial position, disclose the findings and impact, take appropriate remedial actions;
- (ii) publish all outstanding financial results required under the Listing Rules and address any audit issues and/or audit modifications;
- (iii) demonstrate compliance with Rule 13.24 of the Listing Rules; and
- (iv) announce all material information for the Company's Shareholders and investors to appraise the Company's position.

For details of the Audit Issues, please refer to the announcement of the Company dated 29 March 2021.

## UPDATE ON RESUMPTION PROGRESS

### (i) Establishment of Independent Investigation Committee and Appointment of Independent Investigator

As disclosed in the announcement of the Company dated 30 April 2021, the Company has established the Independent Investigation Committee on 28 April 2021, comprising Mr. Ge Xinjian, Mr. Meng Likun and Mr. Wong Sze Lok, each of whom is an independent non-executive Director. Mr. Wong Sze Lok has been appointed as the chairman of the Independent Investigation Committee. The purpose of the establishment of the Independent Investigation Committee is to commission an independent investigation on the Audit Issues as required by the auditors.

As disclosed in the announcement of the Company dated 21 May 2021, the Independent Investigation Committee has appointed SHINEWING Financial Advisory Services Limited as an independent third party investigator on 21 May 2021 to conduct an independent investigation into the Audit Issues and produce a report of findings on the Independent Investigation to the Independent Investigation Committee.

As at the date of this announcement, the Independent Investigation is in progress. Further announcement(s) will be made by the Company on the key developments and progress of the Independent Investigation as and when appropriate.

### (ii) Audit Progress in respect of the 2020 Annual Results

The Audit Issues caused the Company to be unable to publish the audited 2020 Annual Results as at the date of this announcement. As disclosed in the announcement of the Company dated 13 May 2021, KPMG, the former auditor of the Company, resigned as the auditor of the Company on 13 May 2021 with effect from the even date. As disclosed in the announcement of the Company dated 21 May 2021, the Company has appointed Asian Alliance (HK) CPA Limited as the new auditor of the Company. As at the date of this announcement, the audit work is in progress.

The Company will communicate and cooperate with the auditors on the Audit Issues with a view to completing the audit work in relation to the 2020 Annual Results as soon as possible.

## 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, 29 June 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 of the Company are Mr. Wong Sze Lok, Mr. Ge Xinjian and Mr. Meng Likun.*

\* For identification purpose only