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)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

The revenue of the Group for the Reporting Period was approximately RMB645.7 million, representing a decrease of approximately RMB21.7 million or 3.3% as compared to the corresponding period of last year. The Group's cost of sales for the Reporting Period was approximately RMB568.7 million, representing an increase of approximately RMB0.5 million as compared to the corresponding period of last year. The gross profit of the Group for the Reporting Period was approximately RMB76.9 million, representing a decrease of approximately RMB22.3 million or 22.4% as compared with the corresponding period of last year.

For the Reporting Period, the Group's loss for the year was approximately RMB289.6 million, while the Group's loss for the year for the corresponding period last year was approximately RMB549.1 million.

For the Reporting Period, the basic loss per share attributable to equity shareholders of the Group was RMB0.18, while the basic loss per share for the corresponding period last year were RMB0.34.

The board (the "**Board**") of directors (the "**Directors**") of Aowei Holding Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 (the "**Reporting Period**" or the "**Year**"), along with the relevant comparable figures for the year ended 31 December 2023, which are extracted from the audited consolidated financial statements of the Group prepared in accordance with the IFRS Accounting Standards as set out in the Company's 2024 annual report (the "**2024 Annual Report**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	4	**645,659**	667,367
Cost of sales		**(568,741)**	(568,191)
Gross profit		**76,918**	99,176
Other income, gains and losses, net	6	**4,682**	(59,355)
Distribution expenses		**(3,268)**	(3,074)
Administrative expenses		**(112,775)**	(132,397)
Impairment losses under expected credit loss model, net		**(24,055)**	(9,425)
Impairment losses of property, plant and equipment, construction in progress and intangible assets		**(177,006)**	(298,731)
Impairment loss on deposit paid for acquisition of equity instrument		**–**	(63,909)
Finance costs	7	**(61,109)**	(57,075)
Loss before tax	9	**(296,613)**	(524,790)
Income tax credit (expense)	8	**6,992**	(23,844)
Loss for the year from continued operations		**(289,621)**	(548,634)
Discontinued operation			
Loss for the year from discontinued operation		**–**	(505)
Loss for the year		**(289,621)**	(549,139)
Other comprehensive income (expense)			
Item that will not be reclassified subsequently to profit or loss:			
Fair value gain on investment in equity instrument at fair value through other comprehensive income		**11,740**	–
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(102)**	(52)
Other comprehensive income (expense) for the year, net of income tax		**11,638**	(52)
Total comprehensive expense for the year		**(277,983)**	(549,191)
Loss per share in RMB	11		
From continued and discontinued operations			
Basic		**(0.18)**	(0.34)
Diluted		**N/A**	N/A
From continued operations			
Basic		**(0.18)**	(0.34)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	12	**939,560**	1,152,723
Construction in progress		**115,655**	173,263
Intangible assets		**44,973**	54,574
Equity instrument at fair value through other comprehensive income ("**FVTOCI**")		**62,831**	–
Deposit paid for acquisition of equity instrument		**–**	51,091
Pledged bank deposits		**158,913**	154,413
Prepayments	13	**22,824**	31,201
Deferred tax assets		**147,263**	166,637
		1,492,019	1,783,902
Current assets			
Inventories		**111,083**	111,646
Trade and other receivables	13	**179,007**	244,011
Pledged bank deposits		**20,000**	–
Restricted bank balances		**21,043**	26,970
Cash and cash equivalents		**34,646**	34,482
		365,779	417,109
Current liabilities			
Trade and other payables	14	**205,308**	238,938
Contract liabilities		**40,004**	2,830
Lease liabilities		**–**	1,697
Bank borrowings		**632,992**	472,000
Tax payable		**14,689**	40,830
Deferred income		**960**	960
Provision for reclamation obligations		**6,693**	631
		900,646	757,886
Net current liabilities		**(534,867)**	(340,777)
Total assets less current liabilities		**957,152**	1,443,125

	2024	2023
	RMB'000	*RMB'000*
Non-current liabilities		
Bank borrowings	**239,000**	440,000
Deferred income	**10,080**	11,040
Provision for reclamation obligations	**20,458**	26,488
	269,538	477,528
Net assets	**687,614**	965,597
Capital and reserves		
Share capital	**131**	131
Reserves	**687,483**	965,466
Total equity	**687,614**	965,597

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 31 December 2024, the directors of the Company (the "**Directors**") considered the immediate parent and ultimate controlling party 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. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (the "**IASB**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease liability in a Sales 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 IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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")

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

New and Amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2025.
[3] Effective for annual periods beginning on or after 1 January 2026.
[4] Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to IFRS Accounting Standards mentioned in the consolidated financial statements, the Directors anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance ("**CO**").

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

As stated in the consolidated financial statements, the Group incurred a net loss from continuing operation of approximately RMB289,621,000 for the year ended 31 December 2024 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB534,867,000, and the Group's borrowings due within one year amounted to approximately RMB632,992,000 and has capital commitments of approximately RMB18,114,000, while its cash and cash equivalents amounted to approximately RMB34,646,000 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) Subsequent to the end of the reporting period, the Group successfully obtained new borrowings of RMB230,000,000 from a bank in the PRC to settle the existing borrowings. Pursuant to the loan agreements, those new borrowings carried interest rate at 7.5% per annum and repayable in mid-February 2026. Also the Group successfully obtained a cooperation agreement from a bank in the PRC, in which the bank has intention to renew the existing borrowings of RMB296,000,000 which are repayable within 1 year when these borrowings are matured;

(2) The Group is expected to record a net operating cash inflow for the year ending 31 December 2025;

(3) To pledge the non-current assets for new banking facilities, if necessary; and

(4) The executive directors, Mr. Li Yanjun who is also the chairman and ultimate controlling party of the Company, and Mr. Li Ziwei who is also the chief executive officer and ultimate controlling party of the Company 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, these two directors will use their unsecured shares of the Company to provide the financial support to the Group.

The Directors have reviewed the Group's cash flow projection prepared by the management which covering a period of not less than twelve months from 31 December 2024 on the basis that the Group's aforementioned plans and measures will be successful, and are satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the twelve months from 31 December 2024. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The consolidated financial statements do not include any adjustments that would result from the failure of the Group to obtain sufficient future funding. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to reduce the carrying amounts of the assets of the Group to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

4. REVENUE

Disaggregation of revenue from contracts with customers by major products is as follows:

	2024	2023
	RMB'000	*RMB'000*
Type of goods		
Iron ore concentrates	**589,799**	584,027
Gravel materials	**55,860**	83,340
Total	**645,659**	667,367

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 delivered. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segment under IFRS 8 *Operating Segments* is 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 during the year end 31 December 2023 (the "**Medical Segment**"). The segment information reported does not include any amounts for this discontinued operation.

After discontinuing 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 goods. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

6. OTHER INCOME, GAINS AND LOSSES, NET

	2024	2023
	RMB'000	*RMB'000*
Continuing operations		
Loss on written-off of property, plant and equipment (Note (b))	**(152)**	(64,230)
(Loss)/gain on disposal of property, plant and equipment	**(718)**	227
Bank interest income	**4,592**	4,648
Government grant (Note (a))	**960**	–
	4,682	(59,355)

Notes:

(a) During the year ended 31 December 2023, according to the "Notice of the Hebei Provincial Development and Reform Commission on decomposing and issuing the 2023 central budget investment plan for special projects on pollution control and energy conservation and carbon reduction (energy conservation and carbon reduction direction)"*（河北省發展和改革委員會關於有關下達2023年污染防治和節能降碳專項項目中央預算內投資計劃（節能降碳方向）的通知）, the Group received a government subsidy of RMB12,000,000 (the "**Subsidy**") to compensate for the construction cost of the Group's plant and machinery of approximately RMB12,000,000 related to pollution control and energy conservation and carbon reduction within the scheme. The Subsidy is recognised as deferred income in the consolidated statement of financial position and will be transferred to profit or loss over the useful lives of the related assets, in which the useful life of these related assets ranges from 5 to 20 years. Subsidy of RMB960,000 was recognised as other income during the year ended 31 December 2024.

(b) On 1 August 2023, the Laiyuan County Jiheng Mining Co., Ltd.* ("**Jiheng Mining**") suffered a rain storm and certain property, plant and equipment with aggregated carrying value of approximately RMB60,783,000 (with a cost of approximately RMB75,985,000 and accumulated depreciation and impairment loss of approximately RMB15,202,000) were damaged and were therefore fully written-off.

On 28 December 2023, the management of the Group considered mining underground is not cost effective under current iron ore market after the open-pit mining of Jiheng Mining was basically completed, thus certain property, plant and equipment related to Jiheng Mining with aggregated carrying value of approximately RMB3,148,000 (with a cost of approximately RMB276,768,000 and accumulated depreciation and impairment loss of approximately RMB273,620,000) were therefore fully written-off.

* *For identification purpose only*

7. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Continuing operations		
Interest expenses on:		
– Bank borrowings	**58,916**	54,640
– Lease liabilities	**23**	113
– Discounted bills	**405**	60
Unwinding interest expenses on:		
– Provision for reclamation obligations	**1,765**	2,262
	61,109	57,075

8. INCOME TAX (CREDIT) EXPENSE

	2024	2023
	RMB'000	*RMB'000*
Continuing operations		
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**–**	–
Overprovision in prior years:		
EIT	**(26,366)**	(41,881)
Deferred tax:		
Current year	**19,374**	65,725
Total	**(6,992)**	23,844

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years. No provision for taxation in Hong Kong has been made for the years ended 31 December 2024 and 31 December 2023 as the Group did not generate any assessable profit arising in Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

9. LOSS BEFORE TAX

	2024 *RMB'000*	2023 *RMB'000*
Loss before tax from continuing operations has been arrived at after charging:		
Staff costs (include directors' and chief executive's emoluments:		
– salaries and other benefits in kind	**64,174**	67,669
– retirement benefits scheme contributions	**7,258**	7,304
– redundancy cost	**3,072**	3,935
Total staff costs	**74,504**	78,908
Capitalised in inventories	**(39,603)**	(40,662)
	34,901	38,246
Transportation service fees	**144,119**	144,932
Capitalised in inventories	**(139,961)**	(141,413)
Capitalised in construction in progress	**(1,175)**	(412)
	2,983	3,107
Depreciation of property, plant and equipment (exclude right-of-use assets)	**100,057**	105,632
Depreciation of right-of-use assets	**10,953**	11,289
Amortisation of intangible asset	**9,307**	7,658
Total depreciation and amortisation	**120,317**	124,579
Capitalised in inventories	**(96,858)**	(93,637)
	23,459	30,942
Auditor's remuneration:		
– audit services	**2,300**	2,500
Legal and professional fee	**3,734**	7,348
Write-down of inventories included in cost of sales	**3,677**	–
Cost of inventories recognised as an expense	**560,367**	563,495

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2024, nor has any dividend been proposed since the end of the Reporting Period (2023: Nil).

11. 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:

	2024 *RMB'000*	2023 *RMB'000*
Loss for the year attributable to owners of the Company	**(289,621)**	(549,139)
Add: Loss for the year from discontinued operation	**–**	505
Loss for the purpose of basic loss per share from continuing operations	**(289,621)**	(548,634)

	2024 *'000*	2023 *'000*
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 operations

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:

	2024 *RMB'000*	2023 *RMB'000*
Loss for the year from the continuing and discontinued operations attributable to owners of the Company for the purpose of basic loss per share	**(289,621)**	(549,139)

From discontinued operation

For the year ended 31 December 2023, basic loss per share for the discontinued operation is RMB0.00031 per share based on the loss for the year from the discontinued operation of approximately RMB505,000 and the denominators detailed above for basic loss per share.

No diluted loss per share for both years ended 31 December 2024 and 2023 were presented as there were no potential ordinary shares in issue for both years ended 31 December 2024 and 2023.

12. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2024, the Group recognised addition of property, plant and equipment (including right-of-use assets) with a cost of approximately RMB11,212,000 (2023: approximately RMB13,136,000) and the depreciation of property, plant and equipment (including right-of-use assets) charged for the year ended 31 December 2024 was approximately RMB111,010,000 (2023: approximately RMB116,921,000).

13. TRADE AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**138,887**	115,477
Less: Allowance for credit losses	**(30,052)**	(8,849)
Total trade receivables, net *(Note)*	**108,835**	106,628
Bills receivables	**1,300**	2,950
Prepayments and deposits	**86,056**	130,086
Value-added tax recoverable	**–**	10,000
Amounts due from directors	**315**	–
Other receivables	**10,626**	29,017
	96,997	169,103
Less: Allowance for credit losses	**(5,301)**	(3,469)
Total other receivables, net	**91,696**	165,634
Prepayments classified as non-current assets	**(22,824)**	(31,201)
Other receivables, net	**68,872**	134,433
Trade and other receivables, net, classified as current assets	**179,007**	244,011

Note:

The following is an aged analysis of trade receivables net of allowance for credit losses, presented based on the invoice date:

	2024	2023
	RMB'000	*RMB'000*
0 to 30 days	**7,008**	1,585
31 to 90 days	**14,489**	13,236
91 to 180 days	**13,039**	26,803
181 to 365 days	**13,881**	25,692
1 to 2 years	**60,418**	39,312
	108,835	106,628

14. TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables *(Note)*	**86,911**	94,279
Bills payables	**40,000**	–
Other taxes payables	**11,219**	18,843
Payables for construction work, equipment purchase and others	**39,824**	69,429
Interest payables	**1,816**	1,693
Other payables	**25,538**	54,694
	205,308	238,938

Note:

The following is an aged analysis of trade payables presented based on the invoice date:

	2024	2023
	RMB'000	*RMB'000*
0 to 30 days	**33,419**	36,206
31 to 90 days	**8,326**	17,226
91 to 180 days	**8,327**	5,144
181 to 365 days	**4,721**	5,691
Over 1 year	**32,118**	30,012
	86,911	94,279

As at 31 December 2024, all trade payables are due and payable on presentation or within one year.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2024.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**") and have been prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3.1 to the consolidated financial statements, the Group incurred a net loss from continuing operations of approximately RMB289,621,000 for the year ended 31 December 2024 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB534,867,000 and the Group's borrowings due within one year amounted to approximately RMB632,992,000 and has capital commitments of approximately RMB18,114,000, while its cash and cash equivalents amounted to approximately RMB34,646,000 only. These events and conditions, along with other matters as set forth in Note 3.1 to the consolidated financial statements, indicate that the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The aforesaid "Note 3.1 to the consolidated financial statements" in the extract of the independent auditor's report is disclosed in Note 3 to this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

IRON ORE BUSINESS

Market Review

In 2024, the international environment was intricate and complex, particularly with the intensification of geopolitical conflicts and the rise of trade protectionism, among various adverse factors, all of which had negative impact on global economic development. The year 2024 was a critical year for the Chinese government to achieve the goals and tasks of the "14th Five-Year" Plan. In response to the adverse impacts from the external environment, the central government strengthened macroeconomic regulation and implemented comprehensive policies to ensure the stable operation of the domestic economy and promote high-quality development.

In 2024, against the backdrop of slowing global economic growth momentum and changes in the domestic effective demand structure, especially influenced by the deep adjustment of the real estate market, steel consumption had significantly declined. According to relevant data, the apparent consumption of crude steel nationwide in 2024 was 892 million tons, representing a decrease of approximately 4.4% as compared with the same period of last year. The annual decline in crude steel consumption far exceeded the annual production volume. According to the latest data from the National Bureau of Statistics, China's crude steel production volume in 2024 was 1,005 million tons, representing a decrease of approximately 1.7% as compared with the same period of last year. The steel market faced a strong supply and weak demand dilemma, and the supply-demand pattern of iron ore continued to weaken accordingly, with weak demand suppressing ore prices, showing a trend of fluctuating weakness. In 2024, the 62% iron ore Platts Index declined to the range of US$90 to US$110 per ton (the average price in 2023 was approximately US$120 per ton).

PRINCIPAL BUSINESS RISKS AND UNCERTAINTIES

The risks and uncertainties involved in the Group's business operations may affect the Group's financial condition or development prospects. The Group aims to understand and respond to stakeholders' concerns, and is committed to controlling these risks and uncertainties.

The main risks and uncertainties affecting the Group include various risks of the volatile macroeconomic environment, market price fluctuations, changes in regulatory policies, and credit financing. Inappropriate market competition strategies may lead to the Company's inability to fully and accurately understand the potential risks of market trends and customer preferences.

These factors are neither exhaustive nor comprehensive, and apart from those indicated above, there may be other risks that are unknown to the Group or not currently significant but may become significant in the future.

BUSINESS REVIEW

In 2024, the Group was affected by the factors such as the global economic downturn and the depletion of open-pit mining reserves of Zhijiazhuang Mine of Jiheng Mining, resulting in a decrease in the output of the Group's iron ore concentrates. For the year ended 31 December 2024, the Group's output of iron ore concentrates was approximately 721.8 Kt, representing a decrease of approximately 0.6% as compared with the corresponding period of last year. During the Reporting Period, the Group's sales of iron ore concentrates were approximately 739.1 Kt, representing an increase of approximately 2.8% as compared with the corresponding period of last year, and the average sales price of iron ore concentrates was approximately RMB798.1 per ton, representing a decrease of approximately 1.7% as compared with the corresponding period of last year. During the Reporting Period, average unit cash operating cost for iron ore concentrates of Jingyuancheng Mining was approximately RMB662.2 per ton, representing a decrease of approximately 5.3% as compared with the corresponding period of last year.

As of 31 December 2024, the Group recorded the revenue of approximately RMB589.8 million for iron ore business, representing an increase of approximately 1.0% as compared with the corresponding period of last year.

The table below sets out the breakdown of output and sales volume for each operating subsidiary of the Group:

The Group	For the year ended 31 December Output *(Kt)*			For the year ended 31 December Sales volume *(Kt)*			For the year ended 31 December Average sales price *(RMB)*			For the year ended 31 December Average unit cash operating costs *(RMB)*		
	2024	2023	% of change	**2024**	2023	% of change	**2024**	2023	% of change	**2024**	2023	% of change
Jiheng Mining												
Iron ore concentrates[1]	**46.0**	130.3	-64.7%	**50.5**	132.8	-62.0%	**583.9**	774.7	-24.6%	*(Note 1)*	527.3	-100%
Jingyuancheng Mining												
Iron ore concentrates[2]	**675.8**	595.9	13.4%	**688.6**	586.3	17.4	**813.8**	820.7	-0.8%	**662.2**	699.0	-5.3%
Total												
Iron ore concentrates	**721.8**	726.2	-0.6%	**739.1**	719.1	2.8%	**798.1**	812.2	-1.7%	**662.2**	668.2	-0.9%

Notes:

(1) Jiheng Mining has suspended mining due to the depletion of open-pit iron mining resources. During the Reporting Period, its output of iron ore concentrates was primarily achieved by grinding the preliminary concentrates screened from Jiheng Mining's solid waste comprehensive utilization project. The TFe grade of iron ore concentrates sold was 63%.

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

RESOURCES AND RESERVES

During the Reporting Period, the Group did not conduct any production exploration and did not incur any additional exploration expenses.

The results of the ore reserves and resources in this announcement are calculated by deducting the consumption amount from 1 July 2013 to 31 December 2024 from the estimated amount of ore reserves and resources stated in the SRK's Competent Person's Report in November 2013. The estimation assumptions contained in the SRK's Competent Person's Report in 2013 were not changed and the figures were reviewed by internal experts of the Group.

The iron ore reserves which complied with JORC Code (2004 Edition) in respect of each mine of the Group as of 31 December 2024 are shown in the following table:

Company	**Mine**	**Exploration approach**	**Reserve category**	**Ore reserves**		
				(Kt)	*TFe (%)*	*mFe (%)*
Jiheng Mining	Zhijiazhuang	Open-pit	Probable	466	34.57	19.38
Jingyuancheng Mining	Wang'ergou	Open-pit	Probable	4,902	14.03	6.91
		Underground	Probable (graded above 12%)	18,077	15.87	8.50
	Shuanmazhuang	Open-pit	Probable	79,495	13.62	5.57
		Underground	Probable (graded above 12%)	35,723	16.00	7.11
Total		Open-pit	Probable	84,863	13.64	5.65
		Underground	Probable (graded above 12%)	53,800	15.96	7.58
		Total	Probable	138,663	14.61	6.44

The iron ore resources which complied with JORC Code (2004 Edition) in respect of each mine of the Group as of 31 December 2024 are shown in the following table:

Company	**Mine**	**Controlled resource**			**Inferred resource**		
		(Kt)	*TFe (%)*	*mFe (%)*	*(Kt)*	*TFe (%)*	*mFe (%)*
Jiheng Mining	Zhijiazhuang	466	34.57	19.38	377	29.76	24.87
Jingyuancheng Mining	Wang'ergou	42,310	14.15	6.90	10,871	12.32	6.75
	Shuanmazhuang	143,572	13.62	5.57	68,625	12.80	4.90
Total		186,348	13.74	5.87	79,873	12.73	5.15

Mines in Operation

The Group has completed all infrastructure stripping projects for all the existing iron ore mines in 2015. As a result, the Group had no additional expenditure on infrastructure stripping projects during the Reporting Period. Furthermore, since the average stripping ratio of the operating entities in PRC was lower than their respective remaining mines during the Reporting Period, no production and stripping costs were capitalised.

Wang'ergou Mine and Shuanmazhuang Mine

Wang'ergou Mine and Shuanmazhuang Mine, which are both wholly-owned and operated by Jingyuancheng Mining, our wholly-owned subsidiary, are located in Zoumayi Town, Laiyuan County. 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 and Shuanmazhuang have comprehensive basic infrastructures such as water, electricity and highway. As of 31 December 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.

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

Iron ore concentrates

	For the year ended 31 December		
Unit: RMB per ton of iron ore concentrates	**2024**	2023	% of change
Mining costs	**304.9**	344.1	-11.4%
Dry processing costs	**105.2**	134.8	-22.0%
Wet processing costs	**126.7**	112.7	12.4%
Administrative expenses	**91.2**	72.3	26.1%
Sales costs	**0.0**	0.8	-100%
Taxation	**34.2**	34.3	-0.3%
Total	**662.2**	699.0	-5.3%

During the Reporting Period, the average unit cash operating cost of iron ore concentrates at Wang'ergou Mine and Shuanmazhuang Mine was lower than that of last year, which was mainly attributable to the lower stripping ratio in the mining process, the lower drying ratio in the dry processing leading to the lower mining expenses, material consumption and electricity costs as compared with the same period last year, as well as the combined effect of the increase in the safety production costs and management costs in the wet processing, and the loss of stoppage of work as compared with that of the same period last year.

Zhijiazhuang Mine

Zhijiazhuang Mine has been mined year by year and the open-pit mining thereof has been basically completed. Taking into account the more stringent requirements for safe production of underground mining, as well as the particularity, the upfront investment in construction and the economic of underground mining and other factors, the Company has temporarily suspended the underground mining operation of Zhijiazhuang Mine and sought other strategic alternatives. For details, please refer to the inside information announcement dated 15 March 2024 published by the Company.

GREEN CONSTRUCTION MATERIALS BUSINESS

As of 31 December 2024, the total treatment capability of solid waste comprehensive utilisation project of the Group was approximately 6.40 Mtpa, of which the treatment capacity of solid waste comprehensive utilisation project of Jiheng Mining was 3.70 Mtpa; the treatment capacity of solid waste comprehensive utilisation project of Jingyuancheng Mining was 2.70 Mtpa.

During the Reporting Period, the decrease in the production volume and sales volume of sand and gravel materials of the Group was mainly attributable to the continuous rainstorms at the end of July 2023, which resulted in impurities mixing 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 due to the reconstruction of road facilities in Jiheng Mining as a result of rainstorms, in combination with the downturn of the economic situation, the market price of sand and gravel materials was deeply impacted. For the year ended 31 December 2024, the production volume of sand and gravel materials of the Group was approximately 1,402.0 kt, representing a decrease of approximately 49.3% as compared to the same period of last year. During the Reporting Period, the sales volume of sand and gravel materials was approximately 1,758.2 kt, representing a decrease of approximately 24.7% as compared to the same period of last year. The average sales price of sand and gravel materials of the Group was approximately RMB28.9 per ton during the Reporting Period.

As of 31 December 2024, the Group's sand and gravel materials business recorded revenue of approximately RMB55.9 million, representing a decrease of approximately 33.0% as compared to the corresponding period of last year.

The table below sets out the breakdown of output and sales volume of sand and gravel materials of the Group:

The Group	**As of 31 December** **Output** *(Kt)*			**As of 31 December** **Sales volume** *(Kt)*			**As of 31 December** **Average sales price** *(RMB)*			**As of 31 December** **Average unit cash operating costs** *(RMB)*		
	2024	2023	% of change	**2024**	2023	% of change	**2024**	2023	% of change	**2024**	2023	% of change
Construction gravel	**790.5**	1,357.6	-41.8%	**778.1**	1,396.8	-44.3%	**29.3**	30.9	-5.2%	**17.0**	17.9	-5.0%
Mechanism sand	**611.5**	1,406.1	-56.5%	**980.1**	937.6	4.5%	**28.6**	38.9	-26.5%	**31.6**	29.0	9.0%
Total	**1,402.0**	2,763.7	-49.3%	**1,758.2**	2,334.4	-24.7%	**28.9**	34.1	-15.2%	**23.3**	23.6	-1.3%

During the Reporting Period, the average unit cash operating costs of sand and gravel materials of the Group was insignificantly changed as compared with last year. Among them, the lower average unit cash operating costs of gravel was due to the lower material and labour costs, while the higher average unit cash operating costs of mechanism sand was due to the increase in the costs of raw materials and electricity consumption.

SAFETY AND ENVIRONMENTAL PROTECTION

The Group attached great importance to the health and safety of employees and all on-site staff, and focused on improving environmental quality. The Company earnestly fulfilled its main responsibility to continuously promote safety standards and strengthen environmental protection measures in accordance with the policy of "compliance with regulations, safety and health, continuous improvement and green development", so as to minimise the adverse impact of the Group's production and operation on the health and safety of employees and the ecological environment, which will promote the Group to develop into an enterprise with high safety awareness and social responsibility. During the Reporting Period, there were no material safety and environmental incidents in the Group's operations.

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2024, the Group had 759 full-time employees in total (31 December 2023: 861 employees). During the Reporting Period, expenses of employees' benefit (including salaries, wages, pension plan contributions and other benefits) of the Group were approximately RMB74.5 million (2023: RMB78.9 million).

Remuneration policy of the Group is determined based on performance, experience, competence and the level of comparable companies in the market. Remuneration packages generally include salaries, housing allowances, pension plan contributions and discretionary bonuses which are in relation to the performance of the Group.

FINANCIAL REVIEW

Revenue

The revenue of the Group during the Reporting Period was approximately RMB645.7 million, representing a decrease of approximately RMB21.7 million as compared to the corresponding period of last year, which was mainly attributable to the influence of the decrease in the sales volume and sales price of sand and gravel materials of the Group during the Reporting Period.

Cost of sales

The Group's cost of sales for the Reporting Period was approximately RMB568.7 million, representing an increase of approximately RMB0.5 million as compared to the corresponding period of last year. The change in cost of sales was mainly attributable to the combined influence of the decrease in sales volume of sand and gravel materials of the Group and the increase in unit cost of sales.

Gross profit and gross profit margin

The gross profit of the Group for the Reporting Period was approximately RMB76.9 million, representing a decrease of approximately RMB22.3 million or 22.4% as compared to the corresponding period of last year, which was mainly attributable to the decrease in revenue and gross profit margin as compared to the corresponding period of last year; the Group's gross profit margin also decreased during the Reporting Period from 14.9% to 11.9% as compared to the corresponding period of last year.

Distribution expenses

The Group's distribution expenses for the Reporting Period were approximately RMB3.3 million, representing an increase of approximately RMB0.2 million as compared to the corresponding period of last year.

Administrative expenses

The Group's administrative expenses for the Reporting Period were approximately RMB112.8 million, representing a decrease of approximately RMB19.6 million as compared to RMB132.4 million in the corresponding period of last year, which was mainly attributable to the decrease in depreciation expenses, intermediary agency fees and salary expenses.

Impairment losses

The Group recorded an impairment loss of approximately RMB201.1 million during the Reporting Period. The calculation of impairment loss on property, plant and equipment, construction in progress and its intangible assets was mainly based on the recoverable amount of the relevant assets at the end of the Reporting Period. The Company has appointed an independent valuer to review the carrying value of related subsidiaries' non-current assets, so as to determine the recoverable amount of the assets. As of 31 December 2024, an impairment loss on property, plant and equipment, construction in progress and its intangible assets of approximately RMB177.0 million. In addition, the provision of impairment under expected credit loss model of the Group was approximately RMB24.1 million. Set out below are the reasons, details of events and standard data for evaluating impairment test leading to the recognition of impairment loss during the Reporting Period:

Impairment losses on property, plant and equipment, construction in progress and intangible assets

Due to the decrease in iron ore resources of Jiheng Mining and the business losses of Jingyuancheng Mining, the Group, in order to properly assess the relevant valuation of the assets as at the end of 2024, has appointed an independent valuer to review the carrying value of Jiheng Mining and Jingyuancheng Mining's property, plant and equipment, construction in progress and its intangible assets on then valuation date (i.e. 31 December 2024), so as to determine the recoverable amount of assets in accordance with IAS 36 Impairment of Assets. As of 31 December 2024, Jiheng Mining provided for an impairment loss on assets of approximately RMB171.1 million, in which property, plant and equipment recorded the impairment loss of approximately RMB106.9 million and construction in progress recorded the impairment losses of approximately RMB64.2 million; Jingyuancheng Mining provided for an impairment loss on assets of approximately RMB5.9 million, in which property, plant and equipment recorded the impairment loss of approximately RMB5.3 million, construction in progress recorded the impairment losses of approximately RMB0.3 million and intangible assets recorded the impairment losses of approximately RMB0.3 million.

Details in relation to independent valuation of asset impairment:

(a) Basis and assumptions adopted for valuation in 2024:

1. Basic Assumption

- There will be no major changes in China's political, legal, fiscal and economic environment currently;
- The expected development trend of the Company's industry and market will not deviate significantly;
- It is assumed that the current applicable interest rates and tax rates of the Company will not change significantly;
- Management has fully considered the reasonableness of each major assumption in the preparation of financial forecast;
- The Company's ability to finance will not be limited to growth;
- The Company has the ability to retain appropriate management personnel to support business operations;
- The difference between the industrial trend and market conditions and the economic forecasts of the industry is not significant.

2. Scope of the Valuation

The scope of this valuation is the asset group involved in the asset impairment test, specifically including property, plant and equipment, construction in progress and intangible assets.

(b) Valuation methods adopted by Jiheng Mining and Jingyuancheng Mining in 2024 are as follows:

The independent valuer analyzed the relevant information provided by Jiheng Mining and Jingyuancheng Mining, and in accordance with the relevant accounting standards, determined the value in use of the assets group of Jiheng and the assets group of Jingyuancheng through adopting the income approach as the recoverable amount of the assets group with reference to its past experience with similar projects. The income approach generally consists of two steps. Firstly, a forecast of future net cash flows arising from direct or indirect investment in the ownership of an asset or group of assets is established. Secondly, the present value of the estimated future cash flows are calculated according to the market return rates applicable to investments in business risk and crisis-like projects.

Jiheng Mining took into account the risk-free rate, market risk premium, Beta value and cost of equity capital, the independent valuer adopted the Weighted Average Cost of Capital ("**WACC**") as the discount rate. Based on the capital cost structure of Jiheng, the WACC (after tax) of Jiheng was estimated to be approximately 9.0%, and the WACC (before tax) was estimated to be approximately 9.7%. Reasonable forecasts are made in the valuation model based on the production capacity of the sand and gravel production line, and the reasonable useful life of the production line, etc. The production period for the 2024 valuation report is from 2025 to 2033. There were no material changes in the relevant basis, assumptions and valuation methods adopted by Jiheng Mining in 2024 as compared with historical periods.

Jingyuancheng Mining took into account the risk-free rate, market risk premium, Beta value and cost of equity capital, the independent valuer adopted the WACC as the discount rate. Based on the capital cost structure of Jingyuancheng, the WACC (after tax) of Jingyuancheng was estimated to be approximately 9.0%, and the WACC (before tax) was estimated to be approximately 12.1%. Reasonable forecasts are made in the valuation model based on the production capacity of the sand and gravel production line, and the reasonable useful life of the production line, etc. The production period for the 2024 valuation report is from 2025 to 2038. There were no material changes in the relevant basis, assumptions and valuation methods adopted by Jingyuancheng Mining in 2024 as compared with historical periods.

Valuation of the value of equity interests held by Jiheng Mining in Cangzhou Bank Co., Ltd.

The Group engaged an independent valuer to conduct a valuation for the value of equity interests held by Jiheng Mining in Bank of Cangzhou for the purpose of properly evaluating the fair value of the assets as at the end of 2024. As of 31 December 2024, the fair value gain change of Jiheng Mining's value of equity interests amounted to approximately RMB11.7 million.

Details of the independent valuation of equity interests held by Jiheng Mining in Cangzhou Bank Co., Ltd. are as follows:

(a) Valuation methods adopted by Jiheng Mining in 2024:

By analyzing the characteristics of the target company and the relevant information provided by the company, and referring to their past analysis experience of similar assets, the independent valuer selects the market approach for value analysis, specifically the listed company comparison method, to determine the value of the equity interests of the target company. The market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the comparable market. The listed company comparison method is one of the methods used in the market approach. The listed company comparison method is a method to determine the value of the subject enterprise by obtaining and valuing the operating and financial data of comparable listed companies, calculating the value ratio and comparing the valuation with the subject enterprise. This method may also use stock market priced data of enterprises engaged in the same or similar business as the subject property. The stocks of such enterprises are actively traded in public, free and open markets (exchanges and over-the-counter transactions).

(b) Basic Assumptions for Valuation of Equity Interests in Jiheng Mining in 2024

In order to describe the selected guideline companies, the range of price multiples, the key parameters used in the calculation and analysis and the range of values calculated, the independent valuer identified and selected comparable companies engaged in corporate and personal deposits, loans, payment and settlement, treasury business, and provision of asset management and other financial services based on the following criteria:

i. These comparable companies are listed companies;

ii. The principal business of these comparable companies involves banking business;

iii. These comparable companies derive their revenues primarily from interest income, fee and commission transactions;

iv. These comparable companies have been listed for more than 3 years.

The market value as the numerator of the price to book multiples of the comparable companies is the market value as at the Valuation Benchmark Date. The denominator is calculated based on the total net assets in the latest financial statements. Based on the above indicators, the valuation company calculated the price to book multiples (average) of the comparable companies to be 0.58.

When calculating the value of the equity interests of the Target Company, the independent valuer has taken into account the discount for lack of marketability to the price multiples of comparable companies that can be traded and circulated in the securities trading market. Based on the impact of the value of equity interests of listed companies, the value analysis under the market approach adopts the value of equity interests of listed companies (i.e. the value of equity interests calculated by the Company's stock comparison method) as the value of marketable equity interests. For non-listed companies, the value of equity interests of non-listed companies is usually lower than that of other similar listed companies, so additional discount for lack of marketability needs to be considered. Based on the information published by Stout restricted stock study companion guide 2024, we selected 15.6% as the liquidity discount rate for this valuation.

From a long-term perspective, the Group considers that the investment in Bank of Cangzhou has strategic investment value. Such investment will help the Group to diversify investment risks, take a diversified business route and expand development space, which will not only greatly reduce the Company's single business model and deal with the risks such as resource depletion, but also broaden its horizons and expand the Company's development space, and also accumulate experience for the Company's subsequent investment in other industries. The Group will be able to establish a close cooperative relationship with the banking system and create more convenient conditions for the Group's low-cost financing.

Finance costs

The Group's finance cost for the Reporting Period was approximately RMB61.1 million, representing an increase of approximately RMB4.0 million or 7.1% as compared to the corresponding period of last year. The increase in finance costs was mainly due to the increase in duration of fund utilization for the Group's banking facilities as at the end of the Reporting Period as compared to the corresponding period of last year. Finance costs included interest expenses of bank borrowings, discounted bills, other finance expenses and the amortisation of reclamation obligations.

Income tax credit

The Group's income tax credit for the Reporting Period were approximately RMB7.0 million, while the income tax expenses for the corresponding period of last year were approximately RMB23.8 million, which was mainly due to the decrease in deferred tax of the Group. Income tax credit comprised of the sum of tax overprovision in prior year and deferred tax.

Loss for the year

The Group recorded a loss after tax during the Reporting Period of approximately RMB289.6 million, as compared to a loss after tax of approximately RMB549.1 million for the same period last year, which was mainly due to the combined influence of the decrease in the Group's asset impairment and income tax expenses.

Property, plant and equipment

The net value of the property, plant and equipment of the Group as of 31 December 2024 was approximately RMB939.6 million, representing a decrease of approximately RMB213.1 million or 18.5% as compared to the corresponding period of last year. The change was mainly due to the combined influence of the Group's provision for depreciation and impairment during the Reporting Period.

Intangible assets

As of 31 December 2024, the net intangible assets of the Group were approximately RMB45.0 million, representing a decrease of approximately RMB9.6 million as compared to the corresponding period of last year. The change was mainly due to the amortisation of intangible assets of the Group during the Reporting Period.

Inventories

As of 31 December 2024, inventories of the Group amounted to approximately RMB111.1 million, representing a decrease of approximately RMB0.6 million or 0.5% as compared to the corresponding period of last year.

Trade and other receivables

As of 31 December 2024, trade and bills receivables of the Group amounted to approximately RMB110.1 million, representing an increase of approximately RMB0.5 million as compared to RMB109.6 million in the corresponding period of last year. As of 31 December 2024, other receivables of the Group amounted to approximately RMB91.7 million, representing a decrease of approximately RMB73.9 million as compared to RMB165.6 million in the corresponding period of last year, which was mainly due to the decrease in prepayments and deposits and value-added tax recoverable.

Trade and other payables

As of 31 December 2024, trade payables and bills payables of the Group amounted to approximately RMB126.9 million, representing an increase of approximately RMB32.6 million as compared to RMB94.3 million in the corresponding period of last year. The changes in trade payables and bills payables were mainly due to the increase in bills payables.

As of 31 December 2024, other payables of the Group amounted to approximately RMB78.4 million, representing a decrease of approximately RMB66.2 million as compared to RMB144.6 million in the corresponding period of last year, which was mainly due to the decrease in payables for construction projects and equipment purchases.

Cash and borrowings

As of 31 December 2024, the balance of cash and cash equivalents of the Group amounted to approximately RMB34.6 million, representing an increase of approximately RMB0.1 million as compared to the corresponding period of last year.

As of 31 December 2024, bank loans of the Group were RMB872.0 million, representing a decrease of RMB40 million or 4.4% as compared to the end of last year. The interest rates of the borrowings as of 31 December 2024 ranged from 2.8% to 9.23% per annum. The borrowings of RMB633.0 million were recorded as current liabilities of the Group (as of 31 December 2023: RMB472.0 million) and RMB239.0 million were recorded as non-current liabilities of the Group (as of 31 December 2023: RMB440 million). The above borrowings were denominated in RMB.

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 31 December 2024 and up to the date of this announcement. As of 31 December 2024, the overall financial status of the Group remained in a good condition.

Gearing ratio

The gearing ratio of the Group as of 31 December 2024 was approximately 46.9%, representing an increase of approximately 5.5% as compared to the corresponding period of last year. The gearing ratio was calculated as total bank borrowings divided by total assets.

Capital expenditure

The Group's total capital expenditure amounted to approximately RMB19.1 million, which consisted of purchase of property, plant and equipment, construction in progress and intangible assets.

Capital commitment

As at 31 December 2024, the total capital commitments of the Group amounted to approximately RMB18.1 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 borrowings. Most of the bank borrowings of the Group are due within one year. 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.

Pledge of assets and contingent liabilities made for the Group's loans

As of 31 December 2024, the Group's bank loans of RMB872.0 million were secured by the Group's pledged bank deposit, mining right, right-of-use assets (land use rights), tailings rock, properties and equipment, the land use rights and properties of a related party of the Group, and collectively secured by land use rights and properties of third parties, two of directors of the Company, and related parties.

The carrying amounts of the Group's pledged bank deposit, mining rights, right-of-use assets (land use rights) and properties pledged for bank loans were approximately RMB178.9 million, RMB45.0 million, RMB9.9 million and RMB39.5 million respectively as of 31 December 2024. The Group had no material contingent liabilities as of 31 December 2024.

Significant investments held

Save as disclosed specifically in this announcement, there were no significant investments held by the Company as at 31 December 2024.

OUTLOOK AND STRATEGY

2025 is the final year of China's "14th Five-Year" Plan and also an important year for comprehensive deepening of reform. However, the current external environment is complex and severe, and the domestic economy is facing challenges such as insufficient effective demand. Focusing on expanding domestic demand has become a strategic measure to effectively counter external shocks, with domestic demand relying on infrastructure and manufacturing upgrades. We believe that the central government will continue to exert efforts, implementing more proactive macro policies and reform measures, as well as more active fiscal policies and moderately loose monetary policies, so as to drive economic growth. In 2025, under the influence of a series of national policies promoting the healthy development of the real estate market, the decline in the development investment ratio of the real estate industry may narrow. Investment in infrastructure industry is expected to continue its growth trend, which is anticipated to have a positive impact on steel demand. However, there is relatively high uncertainty regarding the demand for steel in the manufacturing sector. With the intensification of global trade protectionism, overseas tariff policies may suppress the export of China's industrial products, potentially leading to a slowdown in the growth rate of steel demand. Against the backdrop mentioned above, it is expected that in 2025, steel demand as well as prices will continue to weaken or will narrow steadily. Regarding iron ore, with the gradual release of the global iron ore supply increase and the limited growth potential of domestic demand, iron ore may continue to experience an oversupply situation, which will exert a certain suppressive effect on iron ore prices.

In light of the complex and severe economic environment and market conditions, as well as various adverse factors such as the near depletion of exploitable reserves at Jiheng Mining's open-pit iron mine, the Group will further deepen its cost reduction and efficiency enhancement mechanisms. The Group will adopt effective refined management measures, optimize production methods and improve production processes, enhance production efficiency, reduce operating costs, and improve product quality to boost the profitability of the Group's iron ore business and sand and gravel materials business. We will also closely monitor market dynamics, fully seize trading opportunities arising from rising commodity prices, and timely adjust marketing strategies to achieve higher economic benefits. Additionally, we will continue to focus on national favorable policies, strengthen good communication and cooperation with banks and financial institutions to secure financial support from them. Meanwhile, we will also strengthen the efforts in customer payment collection, conduct real-time assessment of the credit and risk of customers with outstanding debts, to ensure the secure and timely recovery of funds. In view of the depletion of Jiheng Mining's open-pit iron mine and the uneconomical nature of underground mining, we may consider seeking suitable opportunities to dispose of Jiheng Mining's iron ore business, with the aim of improving financial performance.

Moreover, to continuously improve profitability and reduce the impact of the risk of the mineral resources business of Jiheng Mining, the Group will effectively grasp the construction opportunities in Xiong'an New Area, actively promote the layout of the sand and gravel materials industry, and expand the production scale of green construction materials sand and gravel materials by building new or acquiring sand and gravel materials production lines around the Group's mines. At the same time, we will actively expand the effective sales coverage, ensuring the supply to existing customers of the sand and gravel materials business, we will develop other markets outside the Xiong'an New Area to expand the sales of its sand and gravel materials business, with a view to achieving growth in sales of sand and gravel materials and enhance collection efforts, thereby creating more economic value and long-term benefits for the Group and its shareholders.

DIVIDENDS

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2024 (2023: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

For the year ended 31 December 2024, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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 throughout the year ended 31 December 2024.

COMPLIANCE OF THE CORPORATE GOVERNANCE CODE

As a company with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the Company is committed to maintaining high level of corporate governance. Throughout the Reporting Period, the Company has fully complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's annual results for 2024 and the consolidated financial statements for the year ended 31 December 2024.

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2024 and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's independent auditors, Asian Alliance (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by Asian Alliance (HK) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Asian Alliance (HK) CPA Limited on the preliminary announcement.

COMPLIANCE OF DEED OF NON-COMPETITION

The Company entered into a deed of non-competition ("**Deed of Non-Competition**") with Mr. Li Ziwei, Mr. Li Yanjun, Hengshi International Investments Limited and Hengshi Holdings Limited (the "**Controlling Shareholders**") on 12 November 2013. Pursuant to the Deed of Non-Competition, each Controlling Shareholder has undertaken to the Company (for itself and in favour of its subsidiaries) that they will not, profitably or non-profitably, and will procure their associates (except any members of the Group) not to, directly or indirectly, either on his own or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate in or hold interests in or engage in or acquire or hold construction, development, operation or management of any business or activity which competes or may compete with the restricted business of the Group, being the exploration, mining, processing and trading of iron ore products and the major products include iron ores, preliminary concentrates and iron ore concentrates (the "**Restricted Business**"). The Controlling Shareholders have also granted us an option for new business opportunities, a pre-emptive right and an option for acquisition to acquire any potential interest in their business which competes or is likely to compete, either directly or indirectly, with the Restricted Business.

In accordance with the Deed of Non-Competition, the independent non-executive Directors of the Company are responsible for reviewing and considering whether exercising the option for new business opportunities, pre-emptive right and the option for acquisitions as well as conducting annual review of implementation of the Deed of Non-Competition on behalf of the Company. Each Controlling Shareholder of the Company has confirmed its/his compliance with the Deed of Non-Competition, and the independent non-executive Directors of the Company have also reviewed the implementation of the Deed of Non-Competition, and confirmed that the Controlling Shareholders have fully abided by the Deed of Non-Competition without any breach of the Deed of Non-Competition.

SUBSEQUENT EVENTS

Save as disclosed specifically in this announcement, there were no significant subsequent events affecting the Group which occurred since 1 January 2025 and up to the date of this announcement.

PUBLICATION OF 2024 ANNUAL REPORT

The 2024 Annual Report containing all relevant information required by the Listing Rules will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.aoweiholding.com) in due course and dispatched to the shareholders of the Company as requested.

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

Beijing, 27 March 2025

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