奧威控股有限公司
AOWEI HOLDING LIMITED

(Incorporated in the British Virgin Islands and continued in the Cayman Islands with limited liability)
(formerly known as Hengshi Mining Investments Limited 恒實礦業投資有限公司)
Stock Code: 1370

2021
INTERIM REPORT

CORE VALUE

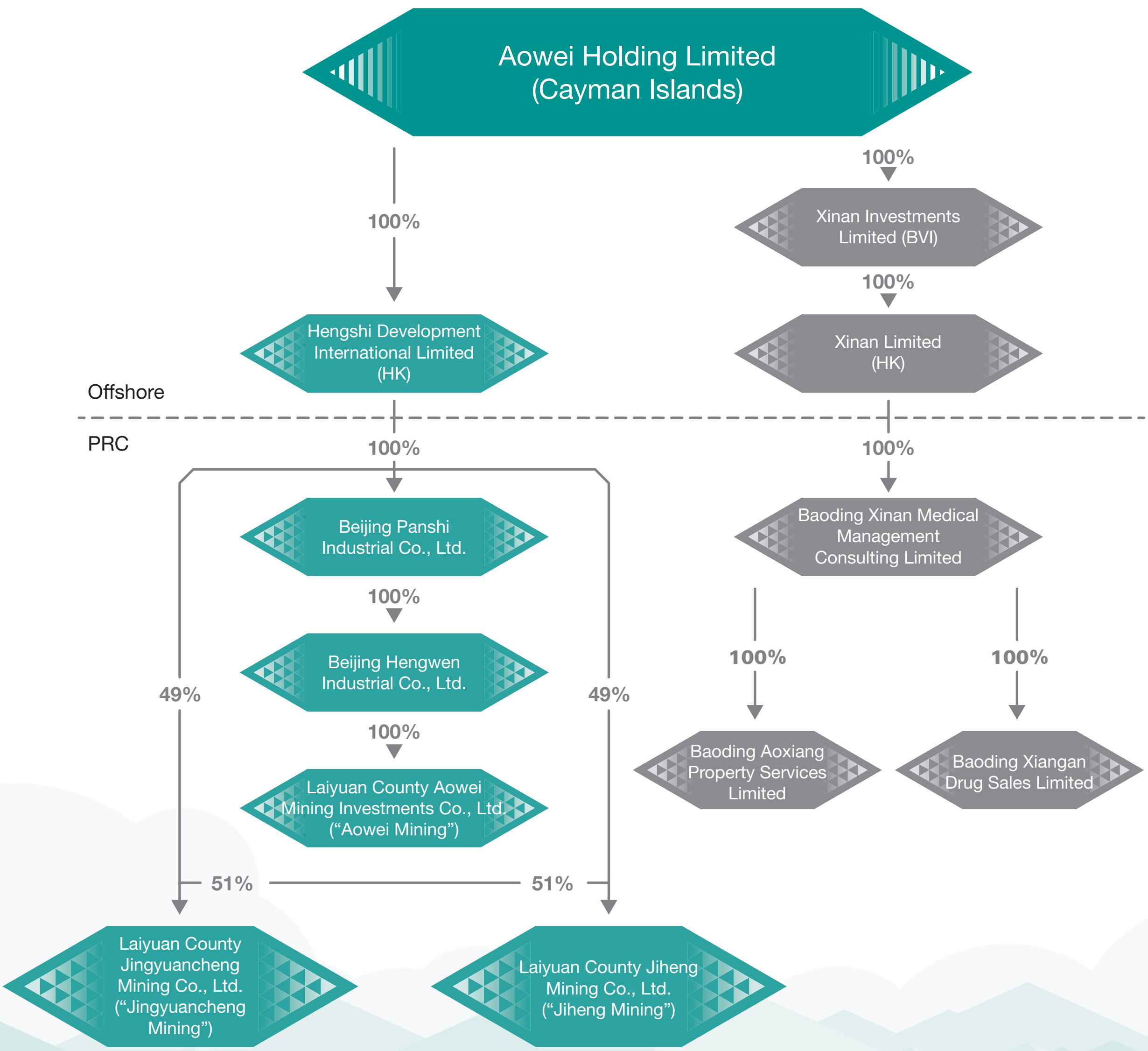
- **CREATE**
  Wealth for the Society
- **CREATE**
  Value for OUR Shareholders
- **CREATE**
  Prospects for OUR Employees

CONTENTS

CORPORATE INFORMATION

Aowei Holding Limited (formerly known as Hengshi Mining Investments Limited) (the "**Company**") was initially incorporated in the British Virgin Islands under the laws of the British Virgin Islands on 14 January 2011 and redomiciled to the Cayman Islands on 23 May 2013. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 November 2013 (stock code:1370). On 28 November 2017, the name of the Company was changed from Hengshi Mining Investments Limited to Aowei Holding Limited.

The Company and its subsidiaries (collectively, the "**Group**" or "**we**" or "**our**") 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; and (ii) Since 2019, through the investment and construction of the solid waste comprehensive utilization project of Jiheng Mining, the Group has recycled the tailings and solid wastes, and conducted 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.



CORPORATE INFORMATION

COMPANY'S STATUTORY CHINESE NAME

奧威控股有限公司

COMPANY'S STATUTORY ENGLISH NAME

Aowei Holding Limited

STOCK CODE

1370

REGISTERED OFFICE

P.O. Box 309
Ugland House Grand Cayman KY1-1104
Cayman Islands

HEADQUARTERS IN THE PRC

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Baoding City 074300
Hebei Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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No. 248 Queen's Road East
Wanchai
Hong Kong

AUTHORIZED REPRESENTATIVES

Mr. Li Yanjun
Ms. Kwong Yin Ping, Yvonne

COMPANY SECRETARY

Ms. Kwong Yin Ping, Yvonne

AUDITOR

Asian Alliance (HK) CPA Limited
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
8th Floor, Catic Plaza
8 Causeway Road
Causeway Bay
Hong Kong

HONG KONG LEGAL ADVISOR

Loong & Yeung
Room 1603, 16/F
China Building
29 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR IN THE CAYMAN ISLANDS

Maples Fund Services (Cayman) Limited
P.O. Box 1093
Boundary Hall, Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

CORPORATE INFORMATION

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

INVESTOR INQUIRIES

Website: www.aoweiholding.com
E-Mail: ir@aow.com.cn

DIRECTORS

Executive Directors

Mr. Li Yanjun *(Chairman)*
Mr. Li Ziwei *(Chief Executive Officer)*
Mr. Sun Jianhua *(Chief Financial Officer)*
Mr. Tu Quanping

Independent Non-executive Directors

Mr. Ge Xinjian
Mr. Meng Likun
Mr. Wong Sze Lok (appointed on 8 April 2021)
Mr. Kong Chi Mo (resigned on 24 March 2021)

AUDIT COMMITTEE

Mr. Wong Sze Lok *(Chairman)*
Mr. Meng Likun
Mr. Ge Xinjian

REMUNERATION COMMITTEE

Mr. Meng Likun *(Chairman)*
Mr. Li Ziwei
Mr. Ge Xinjian

NOMINATION COMMITTEE

Mr. Li Yanjun *(Chairman)*
Mr. Meng Likun
Mr. Wong Sze Lok

FINANCIAL HIGHLIGHTS

The revenue of the Group for the period ended 30 June 2021 (the "**Reporting Period**") was approximately RMB605.9 million, representing an increase of approximately RMB379.1 million or 167.2% as compared with the corresponding period last year.

The Group's gross profit was approximately RMB251.8 million for the Reporting Period, representing an increase of approximately RMB242.5 million or 2,617.5% as compared with the corresponding period last year; the Group's gross profit margin for the Reporting Period was approximately 41.56%.

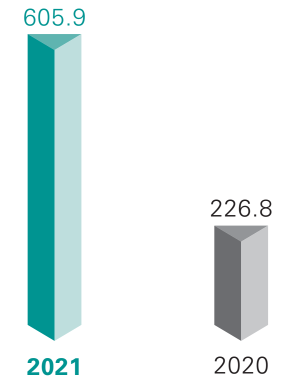
For the Reporting Period, the profit attributable to the equity shareholders of the Company was approximately RMB145.0 million, while the loss attributable to the equity shareholders of the Company for the corresponding period last year was approximately RMB85.3 million.

The Group's basic earnings per share attributable to equity shareholders for the Reporting Period was RMB0.09 per share, while the basic and diluted loss per share for the corresponding period last year were RMB0.05 per share.

The board (the "**Board**") of directors (the "**Directors**") of the Company does not recommend the payment of any interim dividend for the Reporting Period.

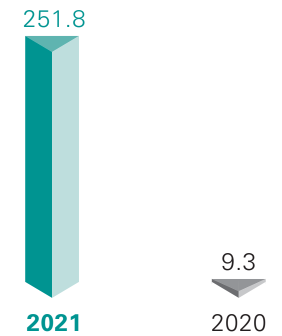
REVENUE (RMB million)

for the six months ended 30 June



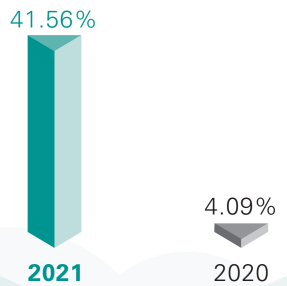
GROSS PROFIT (RMB million)

for the six months ended 30 June



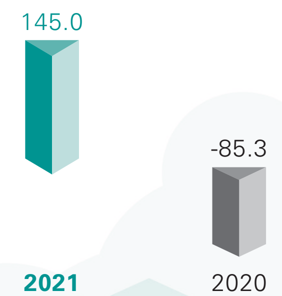
GROSS PROFIT MARGIN

for the six months ended 30 June



PROFIT FOR THE PERIOD (RMB million)

for the six months ended 30 June



MANAGEMENT DISCUSSION AND ANALYSIS

MINING SERVICE

Market Review

In the first half of 2021, with the gradual vaccination of the global COVID-19 vaccine and the continuous lifting of the lockdown measures for the COVID-19 pandemic by various countries, the global supply chain has gradually recovered, and the global economic recovery has been significantly improved. However, due to the impact of the repeated pandemic in some countries and the implementation of lockdown measures, the supply of raw materials, production and transportation and logistics were adversely affected, and the economic recovery in demand of various countries was uneven, resulting in new challenges in global supply chain. The world is experiencing price hikes and supply shortages in raw materials such as copper, iron ore, steel, chemicals, rubber and plastic products, semiconductors, automobiles, and consumer electronics. Affected by the above factors, the supply and demand of iron ore showed a steady upward trend as compared with 2020, and the price of iron ore also increased significantly. Taking the Platts 62% Iron Ore Index as an example, from the beginning of 2021 of US$164.50 per ton, it continued to increase to US$218.4 per ton at the end of June 2021. 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. The Group turned losses into profits in the first half of the year and its results improved significantly.

Business Review

In the first half of 2021, benefiting from the sharp increase in the price of iron ore in the domestic market, the Group's iron ore business recorded a significant year-on-year increase.During the Reporting Period, the Group's output of iron ore concentrates was approximately 545.9 Kt, representing an increase of approximately 64.2% as compared with the corresponding period last year; during the Reporting Period, the Group's sales of iron ore concentrates were approximately 549.5 Kt, representing an increase of approximately 62.6% as compared with the corresponding period last year; during the Reporting Period, unit cash operating cost for iron ore concentrates of Jingyuancheng Mining was approximately RMB692.5 per ton; unit cash operating cost of Jiheng Mining was approximately RMB454.5 per ton.

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	**2021**	2020	% change	**2021**	2020	% change	**2021**	2020	% change
Jiheng Mining	**256.61**	72.68	253.07%	**257.92**	76.70	236.27%	**1,026.47**	584.78	75.53%
Jingyuancheng Mining	**289.32**	259.84	11.34%	**291.58**	261.26	11.61%	**1,078.68**	623.60	72.98%
Iron ore concentrates **Total**	**545.93**	332.52	64.18%	**549.50**	337.96	62.59%	**1,054.17**	614.79	71.47%

Notes:

(1) The TFe grade of iron ore concentrates sold by Jiheng Mining was 63%;

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

MINES IN OPERATION

Zhijiazhuang Mine

Zhijiazhuang Mine, which is wholly-owned and operated by the Group's wholly-owned subsidiary, Jiheng Mining, is located in Yangjiazhuang Village, Laiyuan County, the PRC. It has a mining permit covering the area of 0.3337 sq.km. and has comprehensive basic infrastructure such as water, electricity, highway and railway. The annual mining capacity of Zhijiazhuang Mine was 2.4 Mtpa, and the dry processing capacity and the wet processing capacity were 4.2 Mtpa and 1.8 Mtpa respectively, as of 30 June 2021.

During the Reporting Period, Zhijiazhuang Mine had not conducted new exploration activities, and had no new exploration expenses.

The following table sets forth a breakdown of production of Zhijiazhuang Mine:

		Six months ended 30 June		
Items	**Unit**	**2021**	2020	% change
Mine				
Of which: (≥8%) raw ores	Kt	**629.09**	450.46	39.66%
Stripping in production	Kt	**392.45**	319.62	22.79%
Stripping ratio in production	t/t	**0.62**	0.71	-12.08%
Dry processing				
Raw ore feed	Kt	**1,173.97**	216.28	442.80%
Preliminary concentrates output	Kt	**524.64**	135.22	287.99%
By-product feed/preliminary concentrates output	t/t	**2.24**	1.60	40.00%
Wet processing				
Preliminary concentrates feed	Kt	**710.83**	138.30	413.98%
Iron ore concentrates output	Kt	**256.61**	72.68	253.07%
Preliminary concentrates feed/iron ore concentrates output	t/t	**2.77**	1.90	45.79%

The following table sets forth a breakdown of the cash operating costs of the iron ore concentrates of Zhijiazhuang Mine for the six months ended 30 June 2021:

	For the six months ended 30 June
Unit: RMB per ton	**2021**
Mining costs	**148.55**
Dry processing costs	**38.04**
Wet processing costs	**174.38**
Administrative expenses	**65.46**
Taxation	**28.03**
Total	**454.46**

Note: The operation period of Jiheng Mining in 2020 was short, and its cash operating cost data was not representative, so no comparison was made over the same period.

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 2021, 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:

		Six months ended 30 June		
Items	**Unit**	**2021**	2020	% change
Mine				
Of which: raw ores	Kt	**4,994.76**	3,999.16	24.90%
Stripping in production	Kt	**4,548.91**	3,072.50	48.05%
Stripping ratio in production	t/t	**0.91**	0.77	18.18%
Dry processing				
Raw ore feed	Kt	**4,967.02**	4,193.60	18.44%
Preliminary concentrates output	Kt	**920.18**	803.17	14.57%
By-product feed/preliminary concentrates output	t/t	**5.40**	5.22	3.45%
Wet processing				
Preliminary concentrates feed	Kt	**983.74**	872.29	12.78%
Iron ore concentrates output	Kt	**289.32**	259.84	11.35%
Preliminary concentrates feed/iron ore concentrates output	t/t	**3.40**	3.36	1.19%

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

	Six months ended 30 June		
Unit: RMB per ton	**2021**	2020	% change
Mining costs	**385.05**	326.91	17.78%
Dry processing costs	**119.70**	86.61	38.21%
Wet processing costs	**91.70**	69.32	32.29%
Administrative expenses	**41.76**	64.30	-35.05%
Distribution costs	**3.68**	4.10	-10.24%
Taxation	**50.62**	18.71	170.55%
Total	**692.51**	569.95	21.50%

Green Construction Materials – Construction Sand and Gravel Materials Business

In recent years, the national ecological and environmental protection policies continue to strengthen, the Company adheres to the ecological priority, practices the concept of green development and takes advantage of the great opportunity of Beijing-Tianjin-Hebei synergistic development and the construction of Xiong'an New Area, Baoding and Cangzhou districts. Through the comprehensive utilization of solid wastes, actively carried out the green construction materials construction sand and gravel materials business since 2019, with the ability to promote energy saving and emission reduction, effective regional ecological environment treatment and restoration and also to achieve the sustainable development of mining resources development. Our Company has been successfully shortlisted as a qualified supplier of sand and gravel materials for Xiong'an New Area by leveraging on our advanced equipment, quality products and the national policies support in relation to re-use of solid waste, green mines and environmental protection. As the large-scale construction in the Xiong'an New Area continues to heat up, the volume of construction works will increase rapidly, leading to a significant increase in the demand for sand and gravel materials in the Xiong'an New Area, with an estimated demand of 120-130 million tons per year from 2021 to 2025; and a total demand of nearly 1 billion tons from 2026 to 2035. Baoding is the southern gateway to the capital city, Beijing, in order to provide the capital with "blue sky and white clouds", Baoding has been adopting an aggressive attitude towards environmental protection, and unlikely to grant any new mining rights. The PRC has introduced a number of policies on ecological protection, banning river sand mining and cracking down on it. In such context, the demand for sand and gravel materials is expected to rise sharply, as the machine-made sand and gravel materials (produced by the consumption of solid wastes) become the main material for construction aggregates. It is an irreversible trend to consume machine-made sand and gravel materials (produced by the consumption of solid wastes). The demand will outgrow production for a long period and the price for sand and gravel will rise continuously. At the same time, it will also reduce the operating costs of the Company's iron ore business (e.g., iron ore production costs and solid waste storage and transportation treatment costs).

As of 30 June 2021, Jiheng Mining's solid waste comprehensive utilisation project has comprehensive infrastructure such as water, electricity and highway and railway, with a treatment capacity of 3.7Mtpa. During the Reporting Period, the solid waste comprehensive utilisation project of Jiheng Mining produced approximately 675.7 kt of gravel materials and sold 562.2 kt, with an average unit cash operating cost of approximately RMB17.7 per ton.

In addition, in order to accelerate the industrial layout and further increase the market share of green building materials, the Group acquired the sand and gravel production line from an independent third party through its subsidiary Jingyuancheng Mining on 25 June 2021 to expand the scale of comprehensive utilisation and treatment of solid waste of the Company (for details, please refer to the inside information and the announcement on discloseable transaction in relation to acquisition of target assets published by the Company on 25 June 2021).

Medical Service

As disclosed in our inside information announcement dated 3 March 2020 and our 2019 Annual Report, the Group entered into termination agreements with Rongcheng County Health Bureau and the Entrusted Hospital respectively on 3 March 2020. For details, please refer to the aforesaid announcement and our 2019 Annual Report. The Company will also rely on the team of medical experts to actively seek opportunities and carry out relevant medical business.

SAFETY AND ENVIRONMENTAL PROTECTION

The Group attached great importance to the health and safety of employees and all on-site staff, strictly abode by relevant national laws and regulations, policies and related standards and norms, and earnestly fulfilled the main responsibilities. It had been consistently promoting safety standards and strengthening environmental protection policies so as to develop the Group into a socially responsible enterprise with high safety awareness. During the Reporting Period, the Group recorded no major safety accident.

Domestic environmental protection policies and supervision became increasingly stricter, especially for the industrial and mining industry in which the Group operated. The Group strictly complied with relevant provisions of national environmental protection policies. With adhering to ecological priority and practicing the concept of green development, and for the purpose of building of green mines, the Group strove to build modern ecological mines by taking measures for environmental protection and recovery, and to achieve energy conservation, emission reduction and clean production by means of recycling and technology upgrading, so as to relieve the impacts of production activities on the environment.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Reporting Period was approximately RMB605.9 million, representing an increase of approximately RMB379.1 million or 167.2% as compared with the corresponding period of last year, which was mainly due to the increase in both sales volume and selling price of iron ore concentrates during the Reporting Period as compared with the corresponding period of last year.

Cost of Sales

The Group's cost of sales for the Reporting Period was approximately RMB354.1 million, representing an increase of approximately RMB136.6 million or 62.8% as compared to the corresponding period of last year, which was mainly due to the increase in sales volume of the Group's iron ore concentrates during the Reporting Period.

Gross Profit and Gross Profit Margin

The Group's gross profit for the Reporting Period was approximately RMB251.8 million, while the gross profit for the corresponding period of last year was approximately RMB9.3 million. The increase in gross profit was mainly due to the increase in sales price of iron ore concentrates during the Reporting Period. The gross profit margin was 41.6%, increased by approximately 37.5% as compared to the corresponding period of last year.

Distribution Expenses

The Group's distribution expenses for the Reporting Period were approximately RMB6.1 million, representing a decrease of approximately RMB6.0 million or 49.6% as compared with the corresponding period of last year, which was mainly due to the decrease in the total sales volume of the products, of which the Group were responsible for the delivery to customers and the related transportation cost during the Reporting Period as compared with the corresponding period of last year.

Administrative Expenses

The Group's administrative expenses for the Reporting Period were approximately RMB39.3 million, representing a decrease of approximately RMB28.7 million or 42.2% as compared to the corresponding period of last year, which was mainly due to the fact that the Group's subsidiaries had no losses arising from suspension of operation during the Reporting Period.

Finance Costs

The Group's finance costs for the Reporting Period were approximately RMB17.9 million, representing a decrease of approximately RMB4.5 million or 20.1% as compared with the corresponding period of last year. The decrease in finance costs as compared with the corresponding period of last year was mainly due to the capitalisation of interest expenses of the Group during the Reporting Period. Finance costs consist of interest expenses on bank borrowings and other finance expenses.

Income Tax (Expenses)/Credit

The Group's income tax expenses for the Reporting Period were approximately RMB37.4 million, while the income tax credit for the corresponding period of last year were approximately RMB7.5 million. The income tax expenses comprise the sum of current tax expenses of approximately RMB52.4 million, offset by deferred tax credit of approximately RMB15.0 million.

Profit, Total Comprehensive Income/Loss of the Group for the Reporting Period

The Group's profit after tax for the Reporting Period was approximately RMB145.0 million, while loss after tax for the corresponding period of last year was approximately RMB85.3 million, and profit after tax for the Reporting Period was mainly due to the increase in gross profit of the Group during the Reporting Period.

Property, Plant and Equipment

The net value of the Group's property, plant and equipment amounted to approximately RMB1,018.4 million as at 30 June 2021, representing an increase of RMB6.6 million or 0.7% 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 2021, the net intangible assets of the Group were approximately RMB73.9 million, representing a decrease of approximately RMB3.2 million as compared with the end of last year, which was mainly due to the amortisation of intangible assets of the Group during the Reporting Period.

Inventories

Inventories of the Group amounted to approximately RMB144.7 million as at 30 June 2021, representing an increase of approximately RMB13.0 million or 9.8% as compared with the end of last year.

Trade and Other Receivables

The Group's trade and bills receivables amounted to approximately RMB128.6 million as at 30 June 2021, representing an increase of approximately RMB40.8 million as compared with the end of last year, which was mainly due to the increase in amount of credit sale during the credit period. The Group's other receivables amounted to approximately RMB605.8 million as at 30 June 2021, representing an increase of approximately RMB240.8 million as compared with the end of last year, which was mainly due to the increase in payment to Laiyuan County Ruitong Transportation Co., Ltd. during the Reporting Period.

As at 30 June 2021, prepayments to Laiyuan County Huiguang Logistics Co., Ltd. ("**Huiguang**") for onsite loading services, and to Laiyuan County Aotong Transportation Co., Ltd. ("**Aotong**") and Rongcheng County Ronghui Logistics Co., Ltd. ("**Ronghui**") for transportation services were amounted to RMB98.8 million, RMB30.0 million and RMB37.2 million (31 December 2020: RMB159.7 million, RMB96.1 million and RMB38.8 million), respectively.

Trade and Other Payables

The Group's trade payables amounted to approximately RMB155.2 million as of 30 June 2021, representing an increase of approximately RMB85.7 million as compared with the end of last year, which was mainly due to the increase in trade payables to main suppliers. The Group's other payables amounted to approximately RMB128.7 million as of 30 June 2021, representing a decrease of approximately RMB39.9 million as compared with the end of last year, which was mainly due to the reduction of payables for construction projects and equipment during the Reporting Period.

Analysis of Cash Usage

Summary of the Group's consolidated cash flow statement for the Reporting Period is set out as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Net cash flow from (used in) operating activities	**19,728**	(111,471)
Net cash flow from (used in) investing activities	**88,471**	(33,049)
Net cash flow (used in) from financing activities	**(55,736)**	42,967
Net increase/(decrease) in cash and cash equivalents	**52,463**	(101,553)
Cash and cash equivalents at the beginning of the period	**20,212**	461,639
Effect of foreign exchange rate changes on cash and cash equivalents	**(8)**	135
Cash and cash equivalents at the end of the period	**72,667**	360,221

Net Cash Flow From (Used in) Operating Activities

The Group's net cash from operating activities for the Reporting Period amounted to approximately RMB19.7 million, which mainly included profit before tax amounting to approximately RMB182.4 million, certain non-cash expenses (such as depreciation and amortisation) totaling approximately RMB59.9 million, net interest expenses amounting to approximately RMB17.9 million, increase in trade and other payables of approximately RMB90.7 million, less an increase in inventories of approximately RMB13.0 million, increase in trade and other receivables of approximately RMB284.5 million, and income tax paid of approximately RMB34.4 million.

Net Cash Flow From (Used in) Investment Activities

The Group's net cash from investing activities for the Reporting Period was approximately RMB88.5 million, which was mainly attributable to the purchase of property, plant and equipment and other non-current assets of approximately RMB211.8 million, the decrease in time deposits of approximately RMB300 million and the interest income of approximately RMB0.2 million.

Net Cash Flow (Used in) From Financing Activities

The Group's net cash used in financing activities for the Reporting Period was approximately RMB55.7 million, which primarily represented new bank loans raised of RMB400 million, repayment of bank loans of RMB431 million, interest expense of approximately RMB24.3 million and repayment of lease liabilities of approximately RMB0.4 million.

Cash and Borrowings

As at 30 June 2021, the cash balance of the Group amounted to approximately RMB72.7 million, representing an increase of approximately RMB52.5 million as compared with the end of last year.

As of 30 June 2021, bank loans of the Group was RMB577.0 million, representing a decrease of RMB31.0 million or 5.1% as compared to the end of last year. The interest rates of the borrowings as of 30 June 2021 ranged from 3.8% to 9.23% per annum. All bank loans of the Group were accounted for as current liabilities as of 30 June 2021. 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 30 June 2021 and up to the date of this report.

As of 30 June 2021, the overall financial status of the Group was sound and stable.

Gearing Ratio

The gearing ratio of the Group was approximately 23.0% as of 30 June 2021, representing a decrease of approximately 3.1% as compared to the end of last year. The gearing ratio was calculated as total bank borrowings divided by total assets.

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 should the need arise.

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, there is a risk that 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.

Capital Commitment

As at 30 June 2021, the total capital commitments of the Group amounted to approximately RMB229,007,000 (31 December 2020: RMB41,487,000).

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, Contingent Liabilities

As at 30 June 2021, the Group's bank loans amounting to RMB280.0 million, RMB120.0 million and RMB177.0 million respectively, which were secured by the mining rights, right-of-use asset (land-use rights), property and equipment of the Group, land-use rights and properties of a related party of the Group, and land-use rights and properties of a third party, respectively.

As at 30 June 2021, the carrying amounts of the pledged mining rights, right-of-use asset (land-use rights) and properties of the Group used for bank loans amounted to approximately RMB55,000, RMB9.96 million and RMB28.28 million, respectively.

Save for those disclosed above in this report, the Group had no material contingent liabilities as at 30 June 2021.

Future plan and outlook

With the increasing number of people vaccinated against COVID-19 around the world, this also means that the impact of the COVID-19 pandemic on the economy will gradually weaken, major economies will continue to recover, and the room for marginal improvement of the economy will become smaller. With the improvement of the pandemic, the large-scale stimulus policies introduced by various countries have also entered the final stage, and their endogenous demand momentum will be weakened accordingly. Therefore, the supply of bulk commodities is expected to be improved, and the increase in bulk commodity prices will show a trend of slowing down. In the face of the severe epidemic situation and the complicated economic environment, the Group will continue to strengthen internal management, coordinate epidemic prevention and control work, and ensure the physical safety of employees. At the same time, the Group will also pay close attention to market dynamics, actively adjust production and sales strategies, and strengthen technological innovation and various cost control measures to achieve higher economic benefits.

While ensuring the stable operation of the mining service, the Group will also actively promote the comprehensive utilisation of solid waste and green building materials, gravel materials business. With the state's in-depth promotion of comprehensive utilisation of bulk solid waste, high-quality development of machine-processed sand, and acceleration of the construction of zero-waste cities, the implementation plan and preferential policies for comprehensive utilisation of "145" bulk solid waste in Hebei Province, and large-scale development and construction in Xiong'an, Baoding and other regions, the Company will usher in a golden period of rapid development. We will seize the opportunities and accelerate the industrial layout. We intend to expand the scale of comprehensive utilisation and treatment of solid waste through acquisition or new construction to further increase the market share of green building materials. In the future, the Company will continue to practise the concept of ecological priority and green development, actively promote the comprehensive utilisation of solid waste, carry out green building materials business, build a circular economy, promote the upgrading and transformation of mines, and strive to build a green, environmentally friendly and civilised ecological economic system to create more lasting benefits for shareholders and local communities.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2021, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Interests in the Shares of the Company:

Name of Directors and Senior Management	Capacity/Nature of Interest	Number of Shares	Approximate percentage of issued Shares
Mr. Li Ziwei	Founder of a discretionary trust(2)(3)	1,221,877,000(L)	74.72%
Mr. Li Yanjun	Interests held jointly with another person(2)(3)	1,221,877,000(L)	74.72%

Notes:

1. The letter "L" denotes long position in the Shares.

2. Mr. Li Ziwei is the settlor, protector and a beneficiary of the Chak Trust with Credit Suisse Trust Limited as the trustee which holds the entire issued share capital of Hengshi Holdings Limited (holding 100% issued share capital of Hengshi International Investments Limited) through Chak Limited and is the settlor, protector and a beneficiary of the Seven Trust with Credit Suisse Trust Limited as the trustee which holds the entire issued share capital of Aowei International Developments Limited through Seven Limited. Pursuant to the Confirmation Letters, Mr. Li Ziwei and Mr. Li Yanjun have acted and will continue to act in concert to make decisions and exercise discretions in respect of the matters of the Chak Trust and the Seven Trust and exercise all voting rights attached to the shares of Hengshi International Investments Limited and Aowei International Developments Limited, respectively. Therefore, Mr. Li Ziwei and Mr. Li Yanjun are deemed to be interested in the 1,188,127,000 Shares held by Hengshi International Investments Limited (which is 100% owned by Hengshi Holdings Limited) as disclosed above and the 33,750,000 Shares held by Aowei International Developments Limited.

3. Mr. Li Yanjun and Mr. Li Ziwei through the controlled corporations of Mr. Li Ziwei provided an interest in 1,089,630,000 shares as security to a person other than a qualified lender.

SUBSTANTIAL SHAREHOLDERS' INTERESTS OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2021 and so far as is known to the Directors, the interests or short positions of the substantial shareholders, other than the Directors or the chief executives of the Company whose interests and short positions in the shares of the Company and of its associated corporations (within the meaning of Part XV of the SFO) as set out above, who had 5% or more interests or short positions in the Shares and underlying Shares as recorded in the register required to be maintained by the Company under Section 336 of the SFO, were as follows:

Interests in the Shares of the Company:

Name of Shareholders	Capacity/Nature of interest	Number of Shares	Approximate Percentage of issued Shares
Aowei International Developments Limited	Beneficial owner(2)(3)	1,221,877,000(L)	74.72%
Chak Limited	Interest in controlled corporation(2)(3)	1,221,877,000(L)	74.72%
Credit Suisse Trust Limited	Trustee	1,221,877,000(L)	74.72%
Hengshi Holdings Limited	Interest in controlled corporation(2)(3)	1,221,877,000(L)	74.72%
Hengshi International Investments Limited	Beneficial owner(2)(3)	1,221,877,000(L)	74.72%
Seven Limited	Interest in controlled corporation(2)(3)	1,221,877,000(L)	74.72%
Fresh Idea Ventures Limited	Person having a security interest in shares(4)	1,089,630,000(L)	66.63%
Huarong International Financial Holdings Limited	Interest in controlled corporation(4)	1,089,630,000(L)	66.63%
China Huarong Asset Management Co., Ltd.	Interest in controlled corporation(4)	1,089,630,000(L)	66.63%

Notes:

(1) The letter "L" denotes long position in the Shares.

(2) Hengshi Holdings Limited holds 100% issued share capital of Hengshi International Investments Limited, thus Hengshi Holdings Limited is deemed to be interested in the 1,188,127,000 Shares held by Hengshi International Investments Limited. Chak Limited holds 100% issued share capital of Hengshi Holdings Limited, thus Chak Limited is deemed to be interested in the 1,188,127,000 Shares held by Hengshi International Investments Limited. Seven Limited holds 100% issued share capital of Aowei International Developments Limited, thus Seven Limited is deemed to be interested in the 33,750,000 Shares held by Aowei International Developments Limited.

(3) Aowei International Developments Limited and Hengshi International Investments Limited provided an interest in 1,089,630,000 Shares as security to a person other than a qualified lender. Each of Chak Limited, Credit Suisse Trust Limited, Hengshi Holdings Limited and Seven Limited, by virtue of their relationship with Aowei International Developments Limited and Hengshi International Investments Limited as disclosed in note (2) above, is deemed to have provided an interest in 1,089,630,000 Shares as security to a person other than a qualified lender.

(4) Fresh Idea Ventures Limited acquired security interest in an aggregate of 1,089,630,000 Shares. Fresh Idea Ventures Limited is 100% controlled by Linewear Assets Limited, which in turn is 100% controlled by Huarong International Financial Holdings Limited. Huarong International Financial Holdings Limited is thus deemed to be interested in the aforesaid 1,089,630,000 Shares. Huarong International Financial Holdings Limited is controlled by Camellia Pacific Investment Holding Limited as to 51%, which in turn is 100% controlled by China Huarong International Holdings Limited. China Huarong International Holdings Limited is controlled by China Huarong Asset Management Co., Ltd., 華融實業投資管理有限公司, and Huarong Zhiyuan Investment & Management Co., Ltd. as to 84.84%, 13.36%, and 1.80%, respectively. Each of 華融實業投資管理有限公司, and Huarong Zhiyuan Investment & Management Co., Ltd. is 100% controlled by China Huarong Asset Management Co., Ltd. 中國華融資產管理股份有限公司. China Huarong Asset Management Co., Ltd. 中國華融資產管理股份有限公司is thus deemed to be interested in the aforesaid 1,089,630,000 Shares.

Mr. Li Ziwei and Mr. Li Yanjun are the ultimate controlling shareholders of Chak Limited, Hengshi Holdings Limited, Hengshi International Investments Limited, Seven Limited and Aowei International Developments Limited. Therefore, Chak Limited, Hengshi Holdings Limited, Hengshi International Investments Limited, Seven Limited and Aowei International Developments Limited are deemed to be interested in all the 1,221,877,000 shares. Pursuant to the Confirmation Letters, Mr. Li Ziwei and Mr. Li Yanjun have acted and will continue to act in concert to make decisions and exercise discretions in respect of the matters of the Chak Trust and the Seven Trust and exercise all voting rights attached to the shares of Hengshi International Investments Limited and Aowei International Developments Limited, respectively.

Save as disclosed above, so far as is known by or otherwise notified to the Directors, no other person or entity (other than the Director(s) or chief executive(s) of the Company) had interests or short positions in the Shares or underlying Shares representing 5% or more of the issued share capital of the Company as at 30 June 2021.

SHARE OPTION SCHEME

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of conduct regarding the dealings in the Company's securities by the Directors. Specific enquiry has been made to all Directors and all Directors confirmed that they have complied with the code of conduct and the required standard set out in the Model Code regarding directors' securities transactions for the six months ended 30 June 2021.

OTHER INFORMATION

CHANGE OF DIRECTORS INFORMATION

On 24 March 2021, Mr. Kong Chi Mo resigned as an independent non-executive director of the Company. For details, please refer to the announcement of the Company dated 24 March 2021. On 8 April 2021, Mr. Wong Sze Lok was appointed as an independent non-executive Director of the Company. For details, please refer to the announcement of the Company dated 8 April 2021. Save as disclosed above, there is no other change in the information of the Directors required to be disclosed pursuant to Rule 13.51 (B) of the Listing Rules.

COMPETING BUSINESS AND CONFLICTS OF INTERESTS

As at 30 June 2021, 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) is engaged in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group, and none of them has any other conflicts of interests with the Group.

ADVANCE/FINANCIAL ASSISTANCE TO AN ENTITY

(1) Provision of Deposit Pledge

As disclosed in the announcement dated 9 September 2022, a pledge agreement has been entered into by Jianyuancheng Mining on 22 December 2020, the details of which are set out below.

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

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

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

The Deposit Pledge under the Pledge Agreement was released on 4 March 2021. Further details of the Deposit Pledge were disclosed in the announcements of the Company dated 8 December 2021 in relation to the key findings of the supplemental independent investigation and 9 September 2022 in relation to the provision of deposit pledge.

(2) Provision of Loan to an Entity

As disclosed in the announcement dated 9 September 2022, a loan agreement has been entered in by Jingyuancheng Mining on 4 March 2021, the details of which are set out below.

On 4 March 2021, the management of the Group agreed and provided a loan in cash in the amount of RMB300,000,000 (the "**Loan**") to Laiyuan County Ruitong Transportation Co., Ltd.* (淶源縣瑞通貨物運輸有限公司) ("**Ruitong Transportation**") via Jingyuancheng Mining"s internal resources and subsequently on 10 March 2021, 23 June 2021 and 27 October 2021, Laiyuan County Aowei Mining Investments Co., Ltd.* (淶源縣奧威礦業投資有限公司) ("**Aowei Mining**"), a wholly-owned subsidiary of the Company and/or Jingyuancheng Mining has entered into the initial agreement, the loan repayment agreement and the supplemental loan repayment agreement (collectively known as the "**Loan Agreements**") respectively with Ruitong Transportation pursuant to which the parties to the Loan Agreements have mutually confirmed the repayment terms of the Loan.

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

Lender	:	Jingyuancheng Mining
Borrower	:	Ruitong Transportation
Principal amount	:	RMB300,000,000
Capital occupancy fee	:	4.35% per annum and calculated base on the actual number of days of the Loan occupied by Ruitong Transportation. The capital occupancy fee charged on Ruitong Transportation was determined after arm's length negotiation between Jingyuancheng Mining and Ruitong Transportation with reference to the prevailing benchmark interest rate for one-year loans in RMB as announced by the People's Bank of China. The Company is of the view that the capital occupancy fee is fair and reasonable in this regard.
Default penalty	:	In the event that Ruitong Transportation fails to repay the Loan in whole or in part when due without justification, Ruitong Transportation shall be liable to pay a default penalty at the rate of 0.05% per day on the outstanding amount of the Loan and the cost incurred from claiming the outstanding amount of the Loan from Jingyuancheng Mining against Ruitong Transportation.
Repayment	:	Ruitong Transportation shall repay RMB50,000,000 on or before 30 June 2021. The remaining balance of the Loan plus the capital occupancy fee shall be repaid on or before 31 December 2021.

Ruitong Transportation has (i) settled an aggregate sum of RMB50,000,000 to Jingyuancheng Mining on or before 30 June 2021; (ii) settled the remaining principal of the Loan of RMB250,000,000 on or before 27 October 2021; and (iii) settled the capital occupancy fee of RMB7,740,000 on 22 November 2021 in accordance with the terms and conditions of the Loan Agreements. The principal amount of the Loan together with all capital occupancy fee accrued thereon has been fully repaid by Ruitong Transportation in this regard.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group had 920 employees in total (the corresponding period in 2020: 900 employees in total). The total remuneration expenses and the amounts of other employees' benefit for the Reporting Period were approximately RMB39.9 million (the corresponding period in 2020: approximately RMB32.7 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 local 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

Our employees enroll in regular training courses to improve their skills and professional knowledge and are constantly updated on new developments. We also develop our own employee training programs tailored specifically to iron ore mining, washing operations and sand and gravel materials business and processing operations. We employ dedicated trainers to provide the training programs at our mining sites. To leverage on accumulated operational expertise and special knowledge in our network, we frequently guide new recruits at our mining working sites.

SUBSEQUENT EVENT

(a) Reference is made to (i) the announcement of the Company dated 29 March 2021 in relation to the delay in publication of the 2020 Annual Results, postponement of Board meeting and suspension of trading in the shares of the Company; (ii) the announcements of the Company dated 30 April 2021 and 10 May 2021 in relation to the publication of the unaudited management accounts of the Company for the year ended 31 December 2020, the Initial Resumption Guidance for the Company and the formation of the Independent Investigation Committee by the Company; (iii) the announcement of the Company dated 13 May 2021 in relation to the resignation of the auditor of the Company; (iv) the announcement of the Company dated 21 May 2021 in relation to the appointment of the Independent Investigator and the appointment of the new auditor of the Company; (v) the announcements of the Company dated 25 June 2021, 7 July 2021 and 12 July 2021 in relation to the acquisition of the sand and gravel materials product line and the completion of the acquisition on 10 July 2021; (vi) the announcements of the Company dated 29 June 2021, 29 September 2021, 15 October 2021, 29 December 2021, 29 March 2022 and 29 June 2022 in relation to, among other things, the quarterly update on the suspension of trading; (vii) the announcements of the Company dated 8 December 2021 and 4 March 2022 in relation to the key findings of the Independent Investigation; (viii) the announcement of the Company dated 16 December 2021 in relation to the Additional Resumption Guidance; (ix) the announcement of the Company dated 27 January 2022 in relation to the appointment of the Internal Control Consultant; (x) the announcement of the Company dated 29 August 2022 in relation to delay in publication of the 2022 Interim Results and update on progress of resumption of the Company; (xi) the announcement of the Company dated 9 September 2022 in relation to the key findings of the Supplementary Independent Investigation; (xii) the announcement of the Company dated 20 September 2022 in relation to the publication of the 2020 Annual Results; and (xiii) the announcement of the Company dated 21 September 2022 in relation to the results of the Internal Control Review (collectively, the "**Announcements**").

(b) On 25 June 2021, Jingyuancheng Mining (the "**Purchaser**") entered into an asset purchase agreement with Laiyuan County Zengzhi Construction Materials Co., Ltd. (the "**Vendor**"), an independent third party, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor agreed to sell, free from encumbrances, the Target Assets (defined in the Company's announcement dated 25 June 2021) at a consideration of RMB294,837,000. The transaction is completed on 10 July 2021.

    Details of the transaction has been disclosed in the Company's announcement dated 25 June 2021, 7 July 2021 and 12 July 2021.

Save as specifically disclosed in the Announcements and this interim report, there is no material subsequent event affecting the Group which has occurred since 1 January 2021 and up to the date of this interim report.

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.

OTHER INFORMATION

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 code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules during the Reporting Period.

AUDIT COMMITTEE

The Company has an audit committee (the "**Audit Committee**") with terms of reference aligned with the code provisions as set out in Appendix 14 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 2021 are unaudited but have been reviewed by the Audit Committee, which was of the opinion that the results were prepared in accordance with and complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

PUBLIC FLOAT

Based on the publicly available information to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float required by the Listing Rules for the Reporting Period and up to the date of this report.

INTERIM DIVIDEND

The Board has resolved not to distribute any interim dividend for the six months ended 30 June 2021 (2020: Nil).

MAJOR LEGAL PROCEEDING

During the six months ended 30 June 2021, 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 at the date of this report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	*4*	**605,883**	226,775
Cost of sales		**(354,075)**	(217,509)
Gross profit		**251,808**	9,266
Other income, gains and losses, net	*6*	**241**	(147)
Distribution expenses		**(6,081)**	(12,072)
Administrative expenses		**(39,291)**	(67,971)
(Impairment losses) reversal of impairment losses under expected credit loss model, net	*8*	**(6,400)**	533
Finance costs	*7*	**(17,886)**	(22,412)
Profit (loss) before tax		**182,391**	(92,803)
Income tax (expense) credit	*9*	**(37,394)**	7,479
Profit (loss) for the period	*10*	**144,997**	(85,324)
Other comprehensive (expense) income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(7)**	169
Total comprehensive income (expense) for the period		**144,990**	(85,155)
Earnings (loss) per share in RMB	*12*		
Basic		**0.09**	(0.05)
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	*13*	**1,018,363**	1,011,763
Construction in progress	*14*	**224,334**	113,796
Intangible assets		**73,948**	77,172
Long-term receivables		**30,340**	30,340
Deferred tax assets		**207,250**	192,280
		1,554,235	1,425,351
Current assets			
Inventories		**144,723**	131,754
Trade and other receivables	*15*	**734,429**	452,856
Pledged bank deposit	*16*	**–**	300,000
Bank balances and cash		**72,667**	20,212
		951,819	904,822
Current liabilities			
Trade and other payables	*17*	**283,893**	238,131
Contract liabilities		**1,522**	1,954
Lease liabilities		**4,204**	3,669
Bank borrowings	*18*	**577,000**	430,000
Tax payable		**65,588**	50,559
Other financial liabilities		**23,466**	23,009
Provision for reclamation obligations		**3,834**	3,392
		959,507	750,714
Net current (liabilities) assets		**(7,688)**	154,108
Total assets less current liabilities		**1,546,547**	1,579,459

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Note	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Non-current liabilities			
Bank borrowings	*18*	**–**	178,000
Other financial liabilities		**116,694**	115,695
Provision for reclamation obligations		**34,304**	35,205
		150,998	328,900
Net assets		**1,395,549**	1,250,559
Capital and reserves			
Share capital		**131**	131
Reserves		**1,395,418**	1,250,428
Total equity		**1,395,549**	1,250,559

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to equity shareholders of the Company							
	Share capital	**Share premium**	**Statutory surplus reserve**	**Specific reserve**	**Exchange reserve**	**Other reserve**	**Retained earnings**	**Total equity**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		Note (a)	*Note (b)*	*Note (c)*	*Note (d)*	*Note (e)*		
At 1 January 2020 (Audited)	131	1,142,640	84,556	48,726	(151)	(126,229)	171,597	1,321,270
Loss for the period	–	–	–	–	–	–	(85,324)	(85,324)
Other comprehensive income for the period								
Item that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of foreign operations	–	–	–	–	169	–	–	169
Total comprehensive income (expense) for the period	–	–	–	–	169	–	(85,324)	(85,155)
Transfer to specific reserve, net of utilisation	–	–	–	406	–	–	(406)	–
At 30 June 2020 (Unaudited)	131	1,142,640	84,556	49,132	18	(126,229)	85,867	1,236,115
At 1 January 2021 (Audited)	**131**	**1,142,640**	**84,556**	**51,080**	**(291)**	**(126,229)**	**98,672**	**1,250,559**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**144,997**	**144,997**
Other comprehensive expense for the period								
Item that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**(7)**	**–**	**–**	**(7)**
Total comprehensive (expense) income for the period	**–**	**–**	**–**	**–**	**(7)**	**–**	**144,997**	**144,990**
Transfer to statutory surplus reserve	**–**	**–**	**7,380**	**–**	**–**	**–**	**(7,380)**	**–**
Transfer back to retained earnings, net of provision	**–**	**–**	**–**	**(21,679)**	**–**	**–**	**21,679**	**–**
At 30 June 2021 (Unaudited)	**131**	**1,142,640**	**91,936**	**29,401**	**(298)**	**(126,229)**	**257,968**	**1,395,549**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

Notes:

(a) *Share premium*

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary courses of business.

(b) *Statutory surplus reserve*

In accordance with the relevant PRC laws and regulations and the respective articles of association of the PRC subsidiaries, the PRC subsidiaries are required to appropriate 10% of their profit after taxation reported in their financial statements prepared in accordance with relevant accounting principles and financial regulations applicable to enterprises established in the PRC to the statutory surplus reserve. The appropriation to statutory surplus reserve may cease if the balance of the statutory surplus reserve has reached 50% of the registered capital of the relevant PRC subsidiaries.

The statutory surplus reserves can be utilised to make up prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue. However, when converting the statutory surplus reserve of the PRC subsidiaries into capital, the balance of such reserve remaining unconverted must not be less than 25% of the registered capital of the relevant PRC subsidiaries.

(c) *Specific reserve*

Pursuant to the relevant PRC regulations, appropriation for safety production and other related expenditures are accrued by the Group at fixed rates based on production volume (the "safety production fund"). The Group is required to make a transfer for the appropriation of safety production fund from retained earnings to a specific reserve. The appropriation for safety production fund may cease if the balance of the specific reserve at the beginning of the year has reached 5% of the revenue of the relevant PRC subsidiaries in the previous year. The safety production fund could be utilised when expenses or capital expenditures on safety production measures are incurred. The amount of safety production fund utilised would be transferred from specific reserve back to retained earnings.

(d) *Exchange reserve*

The exchange reserve comprises all foreign exchange adjustments arising from the translation of the Hong Kong dollars ("HK$") denominated financial statements to the Group's presentation currency. The reserve is dealt with in accordance with the accounting policy.

(e) *Other reserve*

The other reserve comprises the followings:

- the difference between the net assets of subsidiaries acquired and the consideration paid by the Group in exchange;
- the changes in equity arisen from the acquisition of non-controlling interests; and
- the shareholder's loans waived by the ultimate controlling party.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Operating activities		
Cash from (used in) operations	54,135	(88,499)
Income tax paid	(34,407)	(22,972)
Net cash from (used in) operating activities	19,728	(111,471)
Investing activities		
Purchase of property, plant and equipment and constructions in progress	(211,770)	(44,339)
Loans repaid by a third party	–	11,000
Other cash flows arising from investing activities	241	290
Decrease in pledged bank deposits	300,000	–
Net cash from (used in) investing activities	88,471	(33,049)
Financing activities		
New bank borrowings raised	400,000	390,000
Repayments of bank borrowings	(431,000)	(327,000)
Repayment of lease liabilities	(430)	(330)
Interest paid	(24,306)	(19,703)
Net cash (used in) from financing activities	(55,736)	42,967
Net increase (decrease) in cash and cash equivalents	52,463	(101,553)
Bank balances and cash at 1 January	20,212	461,639
Effect of foreign exchange rate changes	(8)	135
Bank balances and cash at 30 June	72,667	360,221

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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 the mining, processing and sale of iron ore products and gravel materials and the provision of hospital management service 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 40/F, Dah Sing Financial Centre, 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 2021, 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. Basis of Preparation

The condensed consolidated financial statements of the Group for the six months ended 30 June 2021 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 16 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 2020.

The Directors have, at the time of approving the condensed 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 condensed consolidated financial statements.

3. Principal Accounting Policies

The condensed consolidated financial information have been prepared on the historical cost basis.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2020.

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 annual periods beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

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 condensed consolidated financial statements.

4. Revenue

Disaggregation of revenue from contracts with customers

For the six months ended 30 June 2021

	Mining segment RMB'000	Medical segment RMB'000	Total RMB'000
Type of goods			
Iron ore concentrates	**579,505**	**–**	**579,505**
Gravel materials	**26,378**	**–**	**26,378**
Total	**605,883**	**–**	**605,883**
Geographical markets			
Mainland China	**605,883**	**–**	**605,883**
Timing of revenue recognition			
A point in time	**605,883**	**–**	**605,883**

For the six months ended 30 June 2020

	Mining segment RMB'000	Medical segment RMB'000	Total RMB'000
Type of goods			
Iron ore concentrates	207,775	–	207,775
Gravel materials	19,000	–	19,000
Total	226,775	–	226,775
Geographical markets			
Mainland China	226,775	–	226,775
Timing of revenue recognition			
A point in time	226,775	–	226,775

5. Operating Segments

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the six months ended 30 June 2021 (Unaudited)

	Mining segment RMB'000	Medical segment RMB'000	Total RMB'000
Revenue	**605,883**	**–**	**605,883**
Segment results	**185,466**	**(391)**	**185,075**
Unallocated corporate expenses			**(2,684)**
Profit before tax			**182,391**

For the six months ended 30 June 2020 (Unaudited)

	Mining segment RMB'000	Medical segment RMB'000	Total RMB'000
Revenue	226,775	–	226,775
Segment results	(90,932)	(117)	(91,049)
Unallocated corporate expenses			(1,754)
Loss before tax			(92,803)

6. Other Income, Gains and Losses, Net

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Written-off of property, plant and equipment	**–**	(189)
Interest income	**241**	42
	241	(147)

7. Finance Costs

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expenses on:		
– Bank borrowings	**15,953**	19,307
– Lease liabilities	**120**	229
Unwinding interest expenses on:		
– Other financial liabilities	**1,456**	2,458
– Provision for reclamation obligations	**357**	418
	17,886	22,412

8. (Impairment Losses) Reversal of Impairment Losses Under Expected Credit Loss Model, Net

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Reversal of impairment losses on:		
Trade receivables	**3**	434
Other receivables	**69**	99
Impairment losses on:		
Trade receivables	**(1,693)**	–
Other receivables	**(4,779)**	–
	(6,400)	533

9. Income Tax (Expense) Credit

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
Provision for the period	**(52,363)**	(1,366)
Deferred tax		
Current period	**14,969**	8,845
	(37,394)	7,479

10. Profit (Loss) for the Period

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit (loss) for the period has been arrived at after charging:		
Staff costs (include directors' and chief executive's emoluments):		
– Salaries and other benefits in kind	**34,831**	29,248
– Retirement benefits scheme contributions	**5,117**	3,452
Total staff costs	**39,948**	32,700
Capitalised in inventories	**(25,449)**	(15,633)
	14,499	17,067
Transportation service fees	**195,924**	121,199
Capitalised in inventories	**(107,221)**	(60,541)
Capitalised in construction in progress	**(82,023)**	(48,163)
	6,680	12,495
Depreciation of property, plant and equipment	**47,161**	52,717
Depreciation of right-of-use assets	**9,497**	12,078
Amortisation of intangible asset	**3,224**	3,008
Total depreciation and amortisation	**59,882**	67,803
Capitalised in inventories	**(55,746)**	(44,648)
	4,136	23,155
Cost of inventories recognised as an expense	**348,613**	215,308

11. Dividends

No dividends were paid, declared or proposed during the interim period. The Directors have determined that no dividend will be paid in respect of the interim period.

12. Earnings (Loss) Per Share

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings (loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	**144,997**	(85,324)

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**1,635,330**	1,635,330

No diluted earnings (loss) per share for both six months ended 30 June 2021 and 2020 were presented as there were no potential ordinary shares in issue for both six months ended 30 June 2021 and 2020.

13. Property, Plant and Equipment

(a) Right-of-use assets

During the six months ended 30 June 2021, the Group entered into a new lease agreement and therefore additions to right-of-use assets of approximately RMB845,000 have been recognised (six months ended 30 June 2020: Nil). 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 RMB88,795,000 (31 December 2020: approximately RMB92,616,000). 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 (excluded right-of-use assets)

During the six months ended 30 June 2021, additions of property, plant and equipment of the Group, representing mainly processing plant and mining related buildings, machinery and equipment amounted to approximately RMB63,258,000 (six months ended 30 June 2020: approximately RMB23,017,000).

The Group's property, plant and equipment are substantially located in the PRC. As at 30 June 2021, the Group had not obtained title certificates of certain of its buildings and plants with an aggregate carrying amount of approximately RMB14,570,000 (31 December 2020: approximately RMB15,119,000). 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 six months ended 30 June 2021, 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 RMB129,652,000 (six months ended 30 June 2020: RMB196,036,000).

15. Trade and Other Receivables

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Trade receivables	**126,599**	88,109
Less: Allowance for credit losses	**(1,967)**	(277)
Total trade receivables, net (Note (a))	**124,632**	87,832
Bills receivable (Note (b))	**4,000**	–
Prepayments and deposits (Notes (c) and (d))	**334,570**	337,397
Value-added tax recoverable	**10,947**	7,107
Amount due from related party (Note (f))	**–**	25
Other receivables (Note (e))	**265,624**	21,129
	611,141	365,658
Less: Allowance for credit losses	**(5,344)**	(634)
Total other receivables, net	**605,797**	365,024
Trade and other receivables, net	**734,429**	452,856

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 analysis of trade receivables by age, presented based on the invoice date, net of allowance for credit losses.

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
0 to 30 days	**61,887**	30,537
31 to 90 days	**10,785**	1,899
91 to 180 days	**4,496**	10,064
181 to 365 days	**18,383**	45,332
Over 365 days	**29,081**	–
	124,632	87,832

15. Trade and Other Receivables *(continued)*

Notes: (continued)

(b) As at 30 June 2021, total bills receivable amounting to RMB4,000,000 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 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Laiyuan County Huiguang Logistics Co., Ltd*	**98,848**	159,686
Laiyuan County Aotong Transportation Co., Ltd.*	**29,963**	96,113
Rongcheng Ronghui Logistics Co., Ltd.*	**37,164**	38,827
	165,975	294,626

(d) As at 30 June 2021, included in the Group's prepayments and deposits, an amount of RMB100,000,000 represented a prepayment paid to Laiyuan County Zengzhi Construction Materials Co., Ltd.* for the acquisition of the production lines for sand and gravel materials (31 December 2020: Nil).

(e) As at 30 June 2021, included in the Group's other receivables, RMB250,000,000 represented amount due from Laiyuan County Ruitong Transportation Co., Ltd.* (31 December 2020: Nil), which is unsecured and repayable on or before 31 December 2021.

(f) The amount due from a related party is unsecured, interest-free and have no fixed terms of repayment.

	Maximum amount outstanding during the period/year ended	
	30 June 2021 RMB'000	31 December 2020 RMB'000
Amount due from Mr. Li Yanjun	**25**	25

16. Pledged Bank Deposit

On 22 December 2020, the Group entered into a pledge agreement with Bank of Nanjing, pursuant to which the time deposit of RMB300,000,000 (the "Pledged Deposit") was pledged in favour of Bank of Nanjing to guarantee the obligations of the indebtedness owing by an independent third party to Bank of Nanjing for an amount of RMB300,000,000. The Pledged Deposit has been released on 4 March 2021.

Details of the Pledged Deposit are disclosed in the Company's announcement dated 8 December 2021, 4 March 2022 and 9 September 2022, respectively.

* *For identification purpose only*

17. Trade and Other Payables

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Trade payables (Note (a))	**155,213**	69,541
Other taxes payable	**23,166**	13,435
Payables for construction work, equipment purchases	**44,582**	83,401
Amount due to a related party (Note (b))	**10**	–
Interest payables	**1,152**	2,181
Other payables and accruals	**59,770**	69,573
	283,893	238,131

Notes:

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

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Up to 30 days	**21,613**	28,657
31 to 90 days	**20,817**	14,768
91 to 180 days	**75,753**	3,930
181 to 365 days	**20,126**	2,999
Over 1 year	**16,904**	19,187
	155,213	69,541

(b) The amount due to a related party is unsecured, interest-free and have no fixed terms of repayment.

18. Borrowings

During the six months ended 30 June 2021, the Group obtained two new bank borrowings amounting to RMB280,000,000 and RMB120,000,000 (six months ended 30 June 2020: RMB300,000,000) which carry interest at fixed rates of 9% and 3.8% respectively (six months ended 30 June 2020: 9.23%) and are repayable in 1 year (six months ended 30 June 2020: 1 year).

The Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's financial statement ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 30 June 2021 and 31 December 2020, the Group breached the covenant of a bank borrowing, which are primarily related to the current ratio and quick ratio of the Jiheng Mining. In any event, should the lender call for immediate repayment of the loan, the Directors believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

19. Fair Value Measurements of Financial Instruments

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Level 1: fair value measurements are based on unadjusted quoted prices in active markets for identical financial assets and liabilities.

Level 2: fair value measurements are those derived from inputs (other than quoted prices included within Level 1) that are observable for the financial asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 30 June 2021, none of the Group's financial assets or liabilities were measured at fair value (on a recurring or non-recurring basis) in the consolidated statement of financial position across the three levels of the fair value hierarchy as defined in IFRS 13 *Fair Value Measurement*. At 30 June 2021, no unlisted debt securities were measured at fair value and classified into Level 3.

(b) Fair value of financial assets and liabilities carried at other than fair value

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their respective fair values.

20. Commitments and Contingencies

(a) Capital commitments outstanding not provided for in the interim financial report

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**229,007**	41,487

(b) Environmental contingencies

Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. Laws and regulations protecting the environment have generally become more stringent in recent years and could become more stringent in the future. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. However, environmental laws and regulations continue to evolve. Management of the Group regularly reassesses environmental remediation for its operations. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include:

(i) the exact nature and extent of the contamination at the mines and processing plants;

(ii) the extent of required clean-up efforts;

(iii) varying costs of alternative remediation strategies;

(iv) changes in environmental remediation requirements; and

(v) the identification of new remediation sites.

The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed for future environmental legislation cannot be reasonably estimated at present and could be material.

20. Commitments and Contingencies *(continued)*

(b) Environmental contingencies *(continued)*

Since 2020, the Group has implemented the requirements in accordance with the "Code for Green Mine Construction in the Nonferrous Metals Industry" (DZ/T 0320-2018). The implementation of the green mine construction including engaging designers, consultants and environmental management companies to work with internal experts to formulate the green mine plans. The Group also strengthen the self-discipline in the mining operations, undertaking the corporate responsibility of saving resources, energy conservation and emission reduction, environmental reconstruction, land reclamation, assisting local economic and social development, increasing investment in mine environmental protection and governance. Jiheng Mining has obtained the title of national/provincial green mine in February 2021.

(c) Governmental and regulatory levies

The Group is subject to certain levies (mineral resources compensation, water and soil loss compensation, pollutant discharge fee etc.) imposed by relevant government authorities in accordance with relevant PRC laws and regulations. Under such laws and regulations, the Group has fully fulfilled their responsibilities in paying the respective levies during the periods presented. The Directors are of the opinion that the Group had no other material obligations or liabilities of such levies at the end of the reporting period.

21. Related Party Transactions

During the periods presented, the Group entered into transactions with the following related parties.

Name of party	Relationship
Mr. Li Yanjun	The ultimate controller and the Director
Mr. Li Ziwei	The ultimate controller and the Director
Hebei Aowei Industrial Group. Co., Limited* ("Hebei Aowei")	A company ultimately owned by Mr. Li Yanjun
Aowei International Development Limited	A company ultimately owned by Mr. Li Yanjun and Mr. Li Ziwei
Hengshi Holdings Limited	A company ultimately owned by Mr. Li Yanjun and Mr. Li Ziwei
Hengshi International Investments Limited	A company ultimately owned by Mr. Li Yanjun and Mr. Li Ziwei
Beijing Tong Da Guang Yue Trading Co., Ltd.* ("Tong Da")	A joint venture owned by Mr. Li Yanjun
Xiong'an New Area Education Development Foundation ("Xiong'an Foundation")	Mr. Li Yanjun is one of the directors of Xiong'an Foundation

21. Related Party Transactions *(continued)*

Other than as disclosed elsewhere in the condensed consolidated financial statements, the Group had following transactions with related parties:

		Six months ended 30 June	
		2021	2020
	Note	**RMB'000**	RMB'000
		(Unaudited)	(Unaudited)
Donation	(a)	**–**	10,000

* *For identification purpose only*

Notes:

(a) During the six months ended 30 June 2020, the Group donated RMB10,000,000 to Xiong'an Foundation.

(b) As at 31 December 2020, the bank borrowing of RMB290,000,000 is secured by land use right and properties of Hebei Aowei and independent third parties. The bank borrowing has been fully repaid during the six months ended 30 June 2021.

As at 30 June 2021, the bank borrowing of RMB177,000,000 (31 December 2020: RMB178,000,000) is secured by the properties of Tong Da and guaranteed by certain subsidiaries of the Company, Mr. Li Yanjun and Mr. Li Mengzhe, a director of a subsidiary of the Company.

As at 30 June 2021, the bank borrowing of RMB280,000,000 (31 December 2020: Nil) is secured by land use right and properties of Hebei Aowei and independent third parties and guaranteed by Mr. Li Yanjun, Hebei Aowei and independent third parties.

(c) The Directors are of the view that the terms of the above related party transactions are fair and reasonable, based on normal commercial terms where no charge over assets of the Group is created in respect of the above transactions.

Compensation of key management personnel

The remuneration for key management personnel, including amounts paid to the Directors and key executives is as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Basic salaries, allowances and benefits in kind	**1,922**	2,211
Retirement scheme contributions	**40**	13
	1,962	2,224

22. Comparative Figures

During the six months ended 30 June 2021, for enhancing the relevance of the presentation of the condensed consolidated financial statements, reclassifications have been made to certain comparative figures presented in the condensed consolidated financial statements in respect of the prior period to achieve comparability with the current period's presentation. As a result, the following line items regarding comparative figures have been amended and adjusted, together with the related notes to conform to the current period's presentations:

	Notes	**Previous reported** RMB'000	**Reclassification** RMB'000	**As restated** RMB'000
Condensed Consolidated Statement of Profit or Loss				
Other income, gains and losses, net	(a)	–	(147)	(147)
Finance income	(a)	42	(42)	–
Administrative expenses	(a)	(68,160)	189	(67,971)
Impairment reversal	(b)	533	(533)	–
Reversal of impairment losses under expected credit loss model, net	(b)	–	533	533

Notes:

(a) Interest income and certain other losses were reclassified from "Finance income" and "Administrative expenses" respectively to "Other income, gains and losses, net".

(b) "Impairment losses on trade and other receivables" was reclassified from "Impairment reversal" to "Reversal of impairment losses under expected credit loss model, net".