Grand Ocean Advanced Resources Company Limited
弘海高新資源有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 65)

PROFIT WARNING

This announcement is made by Grand Ocean Advanced Resources Company Limited (the "**Company**", and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 (2) (a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2015 (the "**Unaudited Management Accounts**"), the Group is expected to record a substantial increase in the unaudited consolidated net loss for the year ended 31 December 2015 as compared with the audited consolidated net loss for the year ended 31 December 2014.

The expected increase in the unaudited consolidated net loss was mainly attributable to the following factors:

(i) the decrease in turnover in the manufacture and sale of plastic woven bags, paper bags and plastic barrels business segment;

(ii) the increase in administrative expenses;

(iii) the impairment losses on the Group's inventories, trade receivables and property, plant and equipment in the manufacture and sale of plastic woven bags, paper bags and plastic barrels business segment; and

(iv) the possible impairment loss on the Group's property, plant and equipment in the production and sale of coal business segment and low-rank coal upgrading services business segment.

The information contained in this announcement is only based on the Board's preliminary assessment on the Unaudited Management Accounts and other information currently available to the Company and is not based on any financial data or information that has been audited or reviewed by the Company's independent auditor. Details of the audited consolidated annual results of the Group for the year ended 31 December 2015 are expected to be announced by the Company in late March 2016.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Grand Ocean Advanced Resources Company Limited
Xu Bin
Chairman and Executive Director

Hong Kong, 14 March 2016

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Xu Bin (Chairman), Mr. Zhang Fusheng (Chief Executive Officer), Mr. Ng Ying Kit and Ms. Huo Lijie; and two independent non-executive Directors, namely Mr. Kwok Chi Shing and Mr. Huang Shao Ru.