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)

(1) PROFIT WARNING;
AND
(2) BUSINESS UPDATE

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 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

PROFIT WARNING

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 2016 (the "**Unaudited Management Accounts**"), the Group is expected to record consolidated net loss attributable to the owners of the Company, such loss is expected to be less than the loss attributable to the owners of the Company approximately HK$170,849,000 for the year ended 31 December 2015. The loss attributable to the owners of the Company for the year ended 31 December 2016 is mainly due to loss attributable to (i) the manufacturing and sale of plastic woven bag, paper bags and plastic barrels business; and (ii) coal upgrading business for the year.

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. The results announcement of the Group for the year ended 31 December 2016 are expected to be announced by the Company in mid of March 2017.

BUSINESS UPDATE

Reference is made to the announcement of the Company dated 30 December 2016 in relation to the progress on the commercial production of the Group's coal upgrading plant located in Xilinhaote City, Inner Mongolia, the Peoples Republic of China (the "**PRC**" and the "**Coal Upgrading Plant**"). The existing approvals granted to the development of the Coal Upgrading Plant has been expired in June 2016 (the "**Development Approvals**"), the management of the Coal Upgrading Plant has applied for further extension for the Development Approvals, which is still pending for local government's approval. Over the past few months, the Group has continued to solicit orders from potential customers for the commencement of commercial production, however, no commercial order is received as at the date of this announcement. In view of such circumstances, the management of the Coal Upgrading Plant has implemented relevant cost saving measures to reduce administrative expenses.

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, 1 March 2017

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 three independent non-executive Directors, namely Mr. Kwok Chi Shing, Mr. Huang Shao Ru and Mr. Chang Xuejun.