



CHINA ORIENTAL GROUP COMPANY LIMITED 中國東方集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(在百慕達註冊成立的有限公司)

(Stock Code: 581)

(股份代號: 581)

INTERIM REPORT
2017 中期報告

* For identification purposes only
僅供識別



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Financial Highlights

財務摘要

FINANCIAL SUMMARY

財務總結

| | | Six months ended 30 June Unaudited Consolidated 截至六月三十日止六個月 未經審核合併 | | |
|--|---|--|--|---|
| | | 2015 二零一五年 (RMB million) (人民幣百萬元) | 2016 二零一六年 (RMB million) (人民幣百萬元) | 2017 二零一七年 (RMB million) (人民幣百萬元) |
| Revenue | 收入 | | | |
| - Sale of self-manufactured steel products | - 銷售自行生產的鋼鐵產品 | 10,284 | 10,213 | 17,459 |
| - Trading of steel products | - 鋼鐵產品貿易 | 124 | 6 | 196 |
| - Trading of iron ore | - 鐵礦石貿易 | 447 | 836 | 1,210 |
| - Sale of properties | - 銷售房地產 | 53 | 58 | 901 |
| - Others | - 其他 | 88 | 338 | 475 |
| | | 10,996 | 11,451 | 20,241 |
| Gross profit/(loss) | 毛利/(毛虧) | | | |
| - Sale of self-manufactured steel products | - 銷售自行生產的鋼鐵產品 | 279 | 1,382 | 2,710 |
| - Trading of steel products | - 鋼鐵產品貿易 | (2) | 1 | (2) |
| - Trading of iron ore | - 鐵礦石貿易 | 24 | (40) | (34) |
| - Sale of properties | - 銷售房地產 | 5 | 8 | 129 |
| - Others | - 其他 | 1 | 24 | 36 |
| | | 307 | 1,375 | 2,839 |
| EBITDA ¹ | 扣除所得稅、財務淨成本、折舊 及攤銷前溢利(EBITDA) ¹ | 717 | 1,386 | 3,092 |
| Profit before income tax | 除所得稅前溢利 | 37 | 804 | 2,527 |
| Profit for the period | 期內溢利 | 63 | 541 | 1,892 |
| Profit for the period attributable to owners of the Company | 期內本公司權益持有者 應佔溢利 | 74 | 528 | 1,873 |
| Basic earnings per share (RMB) | 每股基本收益(人民幣元) | 0.025 | 0.180 | 0.548 |
| | | | As at | |
| | | | 於 | |
| | | 31 December 2015 二零一五年 十二月三十一日 Audited 經審核 (RMB million) (人民幣百萬元) | 31 December 2016 二零一六年 十二月三十一日 Audited 經審核 (RMB million) (人民幣百萬元) | 30 June 2017 二零一七年 六月三十日 Unaudited 未經審核 (RMB million) (人民幣百萬元) |
| Net assets | 資產淨值 | 8,912 | 9,365 | 11,482 |
| Total assets | 總資產 | 22,364 | 21,049 | 20,839 |
| Net assets value per share (excluding non-controlling interests) (RMB) | 每股資產淨值(豁除非控制 性權益)(人民幣元) | 2.90 | 3.16 | 3.22 |

¹ China Oriental Group Company Limited (the "Company") defines EBITDA as profit for the period before finance costs-net, income tax expense, amortisation of intangible assets, amortisation of leasehold land and land use rights, depreciation and non-recurring items. During the period, there are no adjustments of non-recurring items in the calculation.

¹ 中國東方集團控股有限公司(「本公司」)對EBITDA的定義為扣除財務淨成本、所得稅費用、無形資產攤銷、租賃土地及土地使用權攤銷、折舊及非經常性項目之期間溢利。於期內，沒有非經常性項目的調整包括在計算內。

Financial Highlights

財務摘要

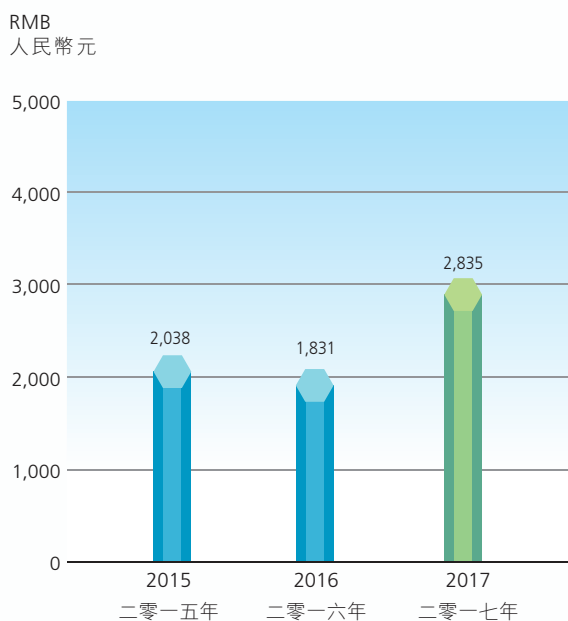
AVERAGE SELLING PRICE AND GROSS PROFIT/ (LOSS) PER TONNE OF SELF-MANUFACTURED STEEL PRODUCTS

自行生產的鋼鐵產品每噸平均銷售單價
及毛利／(毛虧)

Six months ended 30 June
Unaudited Consolidated
截至六月三十日止六個月
未經審核合併

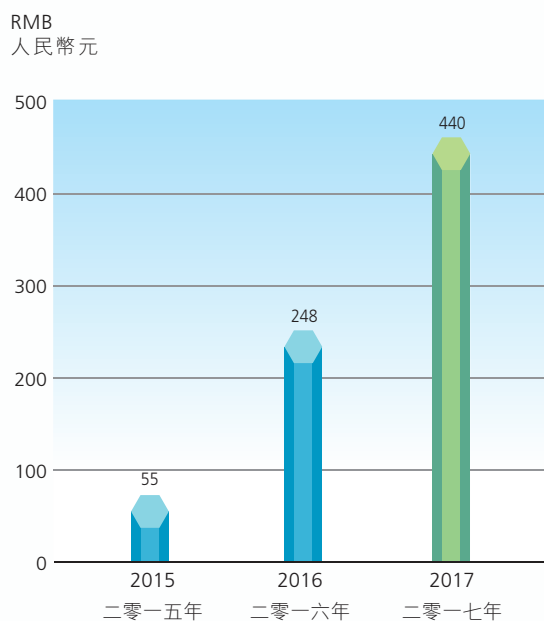
| | | 2015 二零一五年 (RMB) (人民幣元) | 2016 二零一六年 (RMB) (人民幣元) | 2017 二零一七年 (RMB) (人民幣元) |
|--|-----------|----------------------------------|----------------------------------|----------------------------------|
| Average selling price per tonne | 每噸平均銷售單價 | 2,038 | 1,831 | 2,835 |
| Gross profit/(loss) per tonne | 每噸毛利／(毛虧) | | | |
| H-section steel products | H型鋼產品 | 85 | 240 | 465 |
| Strips and strip products | 帶鋼及帶鋼類產品 | 85 | 312 | 458 |
| Cold rolled sheets and galvanised sheets | 冷軋板及鍍鋅板 | (229) | 263 | 50 |
| Billets | 鋼坯 | (31) | 118 | 288 |
| Rebar | 螺紋鋼 | 43 | 196 | 522 |
| Sheet piling | 鋼板樁 | 136 | 291 | 461 |
| Combined | 綜合 | 55 | 248 | 440 |

Average Selling Price per Tonne
每噸平均銷售單價



Six months ended 30 June
截至六月三十日止六個月

Average Gross Profit per Tonne
每噸平均毛利



Six months ended 30 June
截至六月三十日止六個月

Financial Highlights

財務摘要

SALES VOLUME OF SELF-MANUFACTURED STEEL PRODUCTS CLASSIFIED BY PRODUCTS

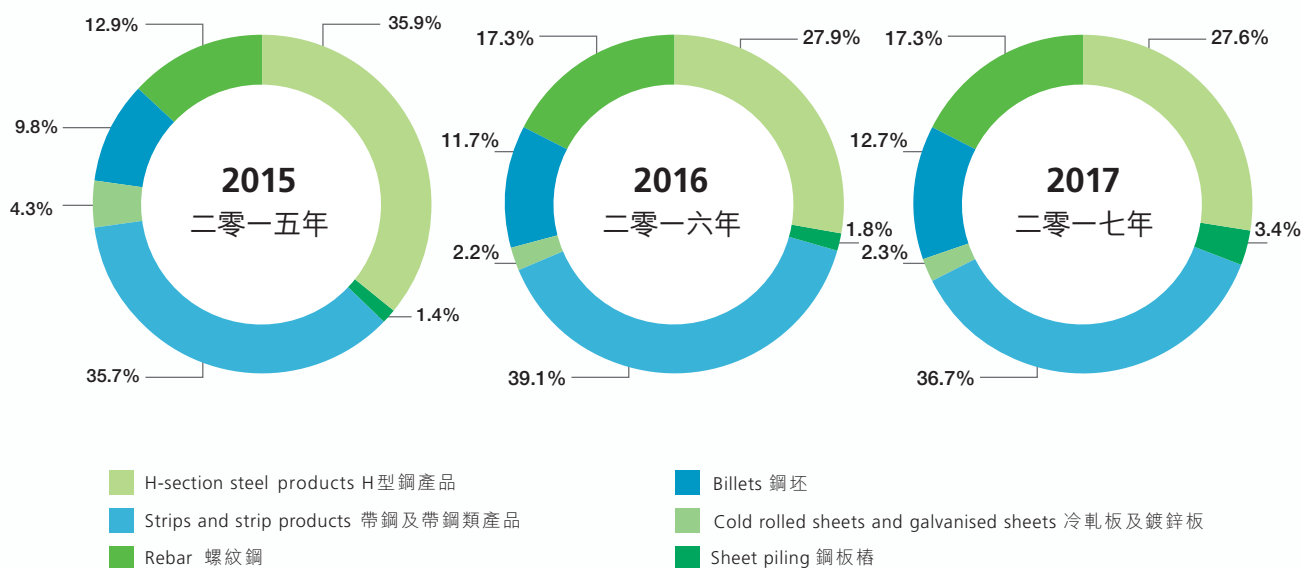
按產品種類劃分之自行生產的鋼鐵產品的銷售量

| | | Six months ended 30 June Unaudited Consolidated 截至六月三十日止六個月 未經審核合併 | | |
|--|----------|---|--|--|
| | | 2015 二零一五年 ('000 tonnes) (千噸) | 2016 二零一六年 ('000 tonnes) (千噸) | 2017 二零一七年 ('000 tonnes) (千噸) |
| H-section steel products | H型鋼產品 | 1,814 | 1,558 | 1,697 |
| Strips and strip products | 帶鋼及帶鋼類產品 | 1,800 | 2,182 | 2,259 |
| Cold rolled sheets and galvanised sheets | 冷軋板及鍍鋅板 | 218 | 122 | 144 |
| Billets | 鋼坯 | 492 | 653 | 784 |
| Rebar | 螺紋鋼 | 652 | 962 | 1,063 |
| Sheet piling | 鋼板樁 | 70 | 100 | 210 |
| Total | 合計 | 5,046 | 5,577 | 6,157 |

Sales Volume of Self-manufactured Steel Products

自行生產的鋼鐵產品的銷售量

Six months ended 30 June
截至六月三十日止六個月



BOARD OF DIRECTORS

Executive Directors

Mr. Han Jingyuan
(Chairman and Chief Executive Officer)
Mr. Zhu Jun
(Executive Deputy General Manager and Chief Operating Officer)
Mr. Shen Xiaoling
Mr. Zhu Hao
Mr. Han Li
(Deputy General Manager and Chief Financial Officer)

Non-executive Director

Mr. Ondra Otradovec

Independent Non-executive Directors

Mr. Wong Man Chung, Francis
Mr. Wang Tianyi
Mr. Wang Bing

COMPOSITION OF BOARD COMMITTEE

AUDIT COMMITTEE

Mr. Wong Man Chung, Francis *(Chairman)*
Mr. Wang Tianyi
Mr. Wang Bing

NOMINATION COMMITTEE

Mr. Han Jingyuan *(Chairman)*
Mr. Wong Man Chung, Francis
Mr. Wang Tianyi
Mr. Wang Bing

REMUNERATION COMMITTEE

Mr. Wong Man Chung, Francis *(Chairman)*
Mr. Han Jingyuan
Mr. Wang Tianyi
Mr. Wang Bing

董事局

執行董事

韓敬遠先生
(主席兼首席執行官)
朱軍先生
(常務副總經理兼首席運營官)
沈曉玲先生
朱浩先生
韓力先生
(副總經理兼首席財務官)

非執行董事

Ondra Otradovec 先生

獨立非執行董事

黃文宗先生
王天義先生
王冰先生

董事委員會架構

審核委員會

黃文宗先生 *(主席)*
王天義先生
王冰先生

提名委員會

韓敬遠先生 *(主席)*
黃文宗先生
王天義先生
王冰先生

薪酬委員會

黃文宗先生 *(主席)*
韓敬遠先生
王天義先生
王冰先生

Corporate Information

公司資料

AUTHORISED REPRESENTATIVE

Mr. Zhu Hao
Mr. Lam Pak Kan

COMPANY SECRETARY

Mr. Lam Pak Kan

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 901-2 & 10, 9th Floor, Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

AUDITOR

PricewaterhouseCoopers

COMPANY'S WEBSITE

www.chinaorientalgroup.com

LIST OF PRINCIPAL BANKERS (IN ALPHABETICAL ORDERS)

ABN AMRO
Agricultural Bank of China
Bank of Cangzhou
Bank of Communications
China Construction Bank
China Guangfa Bank
Nanyang Commercial Bank
Bank of Chengde
Ping An Bank
Rabobank

授權代表

朱浩先生
林柏勤先生

公司秘書

林柏勤先生

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

香港主要營業地點

香港灣仔
港灣道23號
鷹君中心9樓901-2及10室

百慕達股份過戶登記總處

MUFG Fund Services (Bermuda) Limited

香港股份過戶登記分處

卓佳證券登記有限公司

核數師

羅兵咸永道會計師事務所

公司網址

www.chinaorientalgroup.com

主要往來銀行 (按英文次序排列)

荷蘭銀行
中國農業銀行
滄州銀行
交通銀行
中國建設銀行
廣發銀行股份有限公司
南洋商業銀行
承德銀行
平安銀行
荷蘭合作銀行

Management Discussion and Analysis

管理層討論與分析



With the new highs of interim results of the Group, the Board would like to take this opportunity to express the heartfelt gratitude to the shareholders of the Company for the continuous support, as well as appreciation to the staffs for the dedication and contribution. The Company will diligently create greater value for its shareholders.

藉此本集團中期業績創立新高之際，董事局希望藉此機會對本公司股東一如既往的支持表示衷心感謝，也對全體員工的努力付出和貢獻表示感謝，本公司將持續不懈為股東創造更大價值。

During the six months ended 30 June 2017, it was full of opportunities for the PRC steel industry. The industry continued the recovery of 2016 and was gradually turning to be optimistic. Under the backdrop of Chinese government's "Supply-Side-Reform" Policy and reduction of overcapacity in the steel industry, solid achievement was crystallised and the supply and demand in the steel industry further improved. While the stock level of steel industry remained relatively low, the implementation of the "Supply-Side-Reform" Policy, the complete crackdown of "Illegal Sub-Standard Steel" Policy and the positive sales in the real estate sector have resulted in substantial increase in the activation of construction projects, etc., resulting in structural reform in the steel industry and continuous increase in steel prices. At the same time, the raw materials prices did not follow the steel prices' increase, resulting in substantial improvement in the overall gross profit and net profit in the steel industry.

With this background, the Company and its subsidiaries (the "Group") continued to strive for improvement and optimisation in production cost, environmental protection and product mix, thereby enhancing the profit margin and sustainability of the operation. In this regard, the Group achieved a very substantial increase of its results, with a revenue of approximately RMB20.2 billion for the six months ended 30 June 2017, representing an increase of approximately 76.8% as compared with corresponding period in last year. Comparing with corresponding

截至二零一七年六月三十日止六個月，對中國鋼鐵行業是充滿機遇，行業延續了從二零一六年的復甦並逐漸轉向樂觀。在中國政府的「供給側改革」政策及減低鋼鐵行業產能過剩的背景，已實現進一步的實際成果及鋼鐵行業的供求關係達到進一步的改善。正當鋼鐵行業的庫存仍維持在較低水平，「供給側改革」政策的落實執行、全面取締「地條鋼」的政策，以及房地產的正面銷售導致啟動建築項目的大幅增加等，造成鋼鐵行業的結構性改革以及鋼鐵價格的持續上升。與此同時，原材料的價格並沒有跟隨鋼鐵價格上漲，因此，鋼鐵行業的整體毛利及淨利潤得以大幅改善。

在此背景下，本公司及其附屬公司（「本集團」）繼續致力於改善及優化生產成本、環境保護及產品組合，從而提升營運的利潤率及可持續性。因此，本集團的業績實現非常重大的增長，於截至二零一七年六月三十日止六個月錄得收入約人民幣202億元，較去年同期增加約76.8%。與去年同期相比，自行生產鋼鐵產品的平均銷售單

Management Discussion and Analysis

管理層討論與分析



period in last year, the average selling price of self-manufactured steel products increased by approximately 54.8% to RMB2,835 per tonne. The gross profit of the Group increased by approximately 106.4% to approximately RMB2.8 billion. Profit of the Group for the period reached approximately RMB1.89 billion, representing an increase of approximately 249.9% over corresponding period of last year of RMB541 million, which is the highest profit for a half year period since listing of the Company in 2004. EBITDA of the Group, adjusted for non-recurring items, also further improved from RMB1.39 billion of corresponding period of last year to RMB3.09 billion. Basic earnings per share reached RMB0.548 per share (corresponding period in 2016: RMB0.180 per share).

Based on the operating results of the first half of 2017 and the Group's future development requirements, and for sharing the outstanding results of the Group with the shareholders of the Company (the "Shareholders"), the board of directors of the Company (the "Board") proposed the distribution of 2017 interim dividend of HK\$0.13 per share.

價上升約 54.8% 至每噸人民幣 2,835 元，本集團的毛利上升約 106.4% 至約人民幣 28 億元，而本集團的期內溢利達到約人民幣 18.9 億元，較去年同期的人民幣 5.41 億元的溢利增加約 249.9%，此乃自本公司二零零四年上市以來最高的半年度溢利。集團的扣除所得稅、財務淨成本、折舊及攤銷前溢利（經調整非經常性項目後）也從去年同期的人民幣 13.9 億元進一步改善至人民幣 30.9 億元，每股基本收益達到每股人民幣 0.548 元（2016 年同期：每股人民幣 0.180 元）。

基於二零一七年上半年經營業績和本集團未來發展的需要，以及為與本公司股東們（「股東」）分享本集團優秀業績的成果，本公司董事局（「董事局」）建議派發二零一七年年中期股息每股 0.13 港元。

Management Discussion and Analysis

管理層討論與分析

With respect to the steel business, the Group continued to invest substantially to and endeavored to enhance the competitiveness and economic efficiency of its products as well as environmental protection. These efforts include improving production facilities to enhance efficiency, developing diverse and high-end products, increasing the share of products with high added-value and reducing emission. Apart from developing and optimising the new categories of the existing products, such as strips and section steel, the Group has also developed products to suit for other countries such as the American standards, the British standards, the European standards, etc.. The coverage of the American standards and the British standards have been above 85% or more, so as to facilitate the penetration into international markets; at the same time, the Group also developed angles steel products, and through benchmarking analysis with products of overseas corporations, optimised the quality of sheet piling products. In addition, the Group has also been investing in its production facilities in order to reduce energy consumption in the steel production process and satisfy emission requirements. The self-generated electricity ratio of the self-owned manufacturing plants of the Group increased to approximately 63% in the first half of 2017 from approximately 60% in 2016.

On 27 June 2017, in accordance to the opinions and negotiation results with the Government of Tangshan City and the Group, Hebei Jinxi Iron and Steel Group Zhengda Iron and Steel Company Limited ("Zhengda Iron and Steel"), a non-wholly owned subsidiary of the Group, completed the shut down of the remaining production facilities, representing 0.6 million tonnes of the ironmaking and steelmaking production capacities respectively (the "Final Shut Down"). As the Group had made impairment provision of approximately RMB810 million in 2016 primarily for property, plant and equipment which had been or would be shut down due to overcapacity policies, the Final Shut Down did not have material impacts to the results of first half of 2017. Following

就鋼鐵業務而言，本集團持續投放大量資源並致力提高產品的競爭力、經濟效益以及環境保護，這些努力包括改善生產設備以提高效能、開發多元化及高端產品、加大高附加值產品比例及減低排放。除開發及優化現有產品的新種類外，例如帶鋼和型鋼等，本集團亦同時開發出適合其他國家的產品，如美標、英標、歐標等，美標及英標等規格的覆蓋率已超過85%以上，有助拓展國際市場；同時，本集團亦開發出角鋼產品，以及通過與海外企業的產品進行對比分析，優化鋼板樁產品的質量。此外，本集團亦已投放資源在其生產設施上，以減低在生產鋼鐵過程中的能源消耗及符合減排規定。本集團自設生產廠房的自發電比例已由二零一六年的約60%提升至二零一七年上半年的約63%。

於二零一七年六月二十七日，本集團的非全資附屬公司河北津西鋼鐵集團正達鋼鐵有限公司（「正達鋼鐵」）已按照唐山市政府意見及協商結果，完成關停餘下生產設備，即製鐵及製鋼各約60萬噸之產能（「最終關停」），由於本集團在二零一六年已對主要因化解過剩產能政策影響而需要對一些已關停或將關停的生產線的物業、廠房及設備進行約人民幣8.10億元的減值撥備，該最終關停對二零一七年上半年的業績沒有重大的影響。隨著完成最終關停，



Management Discussion and Analysis

管理層討論與分析

completion of the Final Shut Down, the Group has fulfilled the resolving assignment regarding the resolving overcapacity policy. The annual steel production capacity of the Group is approximately 11 million tonnes. During the first half of 2017, the Group sold approximately 1.70 million tonnes of self-produced H-section steel products and continued to secure its leading position in the H-section steel market of Mainland China.

With respect to the real estate business, the Group was dedicated in promoting green structural development construction besides developing traditional real estate projects. Most of the construction work of Phase 3 of the Donghu Bay project in Tangshan City, Hebei Province, of the Group has been completed during the first half of 2017, and started delivery. The sales and delivery of the Donghu Bay project in Tangshan City, commercial and office projects of Xintiandi and the Meishu Hall project in Suzhou continued in the first half of 2017, recorded a substantial increase in revenue and profit contribution, and facilitated the stable development of the real estate business of the Group and brought sustainable income. For the six months ended 30 June 2017, the Group recorded revenue and operating profit from real estate business of approximately RMB901 million and RMB112 million respectively.

During the six months ended 30 June 2017, the revenue and gross loss arising from trading of steel products and iron ore of the Group were approximately RMB1,405 million (six months ended 30 June 2016: approximately RMB842 million) and approximately RMB36 million (six months ended 30 June 2016: gross loss of approximately RMB39 million) respectively.

The Group also engages in financing industry through its subsidiaries, Oriental Fullhero Leasing Co. Ltd. ("Fullhero Leasing"), Oriental Evertrust Finance Leasing Co. Ltd. ("Oriental Evertrust"), Tianjin Oriental Huitong Microcredit Co. Ltd. ("Oriental Huitong") and Beijing Jinxi Investment Holding Co. Ltd. ("Beijing Jinxi Investment"). The Group will conduct post-loan inspection to each existing project in order to reduce risks. As at 30 June 2017, Fullhero Leasing, Oriental Evertrust, Oriental Huitong and Beijing Jinxi Investment provided loans, net of provision, amounting to RMB401 million to independent third parties at interest rates ranged from 12.0% to 24.0% per annum.

本集團已履行有關化解產能過剩政策的化解任務。本集團的鋼材年產能為約1,100萬噸。於二零一七年上半年內，本集團共銷售自行生產的H型鋼產品約170萬噸，繼續穩佔中國H型鋼市場的領導者位置。

就房地產業務而言，本集團除發展傳統地產項目外，亦致力推動使用綠色結構發展建築。本集團位於河北省唐山市的東湖灣項目第三期大部份工程已於二零一七年上半年竣工，並開始交付。唐山市的東湖灣項目、蘇州的新天地之商業及辦公室項目及美墅館項目於二零一七年上半年內繼續銷售及交付，並錄得大幅度的收入增長以及溢利貢獻，有助本集團房地產業務的穩定發展及帶來持續收入。截至二零一七年六月三十日止六個月，本集團錄得房地產業務收入及經營溢利分別約人民幣9.01億元及人民幣1.12億元。

截至二零一七年六月三十日止六個月，本集團的鋼鐵產品及鐵礦石貿易帶來的收入和毛虧分別為約人民幣14.05億元（截至二零一六年六月三十日止六個月：約人民幣8.42億元）及約人民幣3,600萬元（截至二零一六年六月三十日止六個月：毛虧約人民幣3,900萬元）。

本集團亦透過其附屬公司，東方英豐租賃有限公司（「英豐租賃」）、東方信遠融資租賃有限公司（「東方信遠」）、天津東方匯通小額貸款有限公司（「東方匯通」）及北京津西投資控股有限公司（「北京津西投資」）參與融資業務，本集團將對現有的個別融資項目進行貸後檢查工作以減低風險。於二零一七年六月三十日，英豐租賃、東方信遠、東方匯通及北京津西投資向獨立的第三方提供合共人民幣4.01億元的貸款（扣除撥備），年利率介乎12.0%至24.0%。

Management Discussion and Analysis

管理層討論與分析

In order to diversify its business, the Group has also set up Oriental Jingyuan Science Technology (Beijing) Co. Ltd. and related subsidiaries to develop core technologies for semiconductor chip design and manufacturing process optimisation/equipment. The Group would continue to explore the development potential of this project.

Finally, with the new highs of interim results of the Group, the Board would like to take this opportunity to express the heartfelt gratitude to the Shareholders for the continuous support, as well as appreciation to the staffs for the dedication and contribution. The Company will diligently create greater value for its Shareholders.

為使本集團業務多元化，本集團亦設立了東方晶源微電子科技(北京)有限公司及相關附屬公司，以開發半導體晶片設計及製造工序優化／設備的核心技術，本集團將繼續探索這項目的發展潛力。

最後，藉此本集團中期業績創立新高之際，董事局希望藉此機會對股東一如既往的支持表示衷心感謝，也對全體員工的努力付出和貢獻表示感謝，本公司將持續不懈為股東創造更大價值。

Business and Financial Review

業務和財務概覽

BUSINESS REVIEW

Sales Analysis on Self-manufactured Steel Products

Sales volume

For the six months ended 30 June 2017, the Group's total sales volume was 6.16 million tonnes (2016 corresponding period: 5.58 million tonnes), representing an increase of approximately 10.4%.

The sales volume breakdown during the period was as follows:

業務回顧

自行生產的鋼鐵產品之銷售分析

銷售量

截至二零一七年六月三十日止六個月，本集團總銷售量為616萬噸（二零一六年同期：558萬噸），增加約10.4%。

於期內銷售量分類如下：

| | | For the six months ended 30 June 截至六月三十日止六個月 | | | | |
|---|----------|---|-------|---|-------|--------------------------------------|
| | | 2017 二零一七年 | | 2016 二零一六年 | | Increase in sales volume 銷售量增加 |
| | | Sales volume 銷售量 ('000 tonnes) (千噸) | | Sales volume 銷售量 ('000 tonnes) (千噸) | | |
| H-section steel products | H型鋼產品 | 1,697 | 27.6% | 1,558 | 27.9% | 8.9% |
| Strips and strip products | 帶鋼及帶鋼類產品 | 2,259 | 36.7% | 2,182 | 39.1% | 3.5% |
| Cold rolled sheets and galvanised sheets | 冷軋板及鍍鋅板 | 144 | 2.3% | 122 | 2.2% | 18.0% |
| Billets | 鋼坯 | 784 | 12.7% | 653 | 11.7% | 20.1% |
| Rebar | 螺紋鋼 | 1,063 | 17.3% | 962 | 17.3% | 10.5% |
| Sheet piling | 鋼板樁 | 210 | 3.4% | 100 | 1.8% | 110.0% |
| Total | 合計 | 6,157 | 100% | 5,577 | 100% | 10.4% |

Business and Financial Review

業務和財務概覽

Revenue

Revenue for the six months ended 30 June 2017 was RMB17,459 million (2016 corresponding period: RMB10,213 million), representing an increase of approximately 70.9%.

The breakdown of revenue and average selling price by product (excluding value added tax) during the period were as follows:

收入

截至二零一七年六月三十日止六個月的收入為人民幣174.59億元(二零一六年同期：人民幣102.13億元)，增加約70.9%。

於期內產品的收入明細及平均銷售單價(不含增值稅)如下：

| | | For the six months ended 30 June 截至六月三十日止六個月 | | | | | |
|---|----------|---|--------------------------|---------------|--------------------------|-------------------|--------------------------|
| | | 2017 二零一七年 | | 2016 二零一六年 | | Increase in 增加 | |
| | | Revenue | Average selling price | Revenue | Average selling price | Revenue | Average selling price |
| | | 收入 | 平均銷售 單價 | 收入 | 平均銷售 單價 | 收入 | 平均銷售 單價 |
| | | (RMB million) | (RMB/tonne) | (RMB million) | (RMB/tonne) | | |
| | | (人民幣 百萬元) | (人民幣 元/噸) | (人民幣 百萬元) | (人民幣 元/噸) | | |
| H-section steel products | H型鋼產品 | 4,810 | 2,834 | 2,990 | 1,918 | 60.9% | 47.8% |
| Strips and strip products | 帶鋼及帶鋼類產品 | 6,178 | 2,735 | 3,859 | 1,769 | 60.1% | 54.6% |
| Cold rolled sheets and galvanised sheets | 冷軋板及鍍鋅板 | 564 | 3,910 | 348 | 2,848 | 62.1% | 37.3% |
| Billets | 鋼坯 | 2,034 | 2,596 | 1,025 | 1,570 | 98.4% | 65.4% |
| Rebar | 螺紋鋼 | 3,103 | 2,919 | 1,729 | 1,797 | 79.5% | 62.4% |
| Sheet piling | 鋼板樁 | 770 | 3,658 | 262 | 2,617 | 193.9% | 39.8% |
| Total/Combined | 合計/綜合 | 17,459 | 2,835 | 10,213 | 1,831 | 70.9% | 54.8% |

The increase in revenue from self-manufactured steel products was primarily due to the increase in the average selling price of the Group's products by 54.8% to RMB2,835 per tonne for the six months ended 30 June 2017 from RMB1,831 per tonne for the corresponding period in 2016, and increase in the sales volume of the Group's products. The increase in average selling price and sales volume of the Group's products was mainly due to the improved supply and demand in the PRC steel industry under the situation of reduction of overcapacity during the first half of 2017.

來自自行生產的鋼鐵產品的收入增加主要由於截至二零一七年六月三十日止六個月本集團產品的平均銷售單價由二零一六年同期的每噸人民幣1,831元上升54.8%至每噸人民幣2,835元及本集團產品的銷售量增加。本集團產品的平均銷售單價及銷售量上升主要是由於二零一七年上半年中國的鋼鐵行業在減低產能過剩的情況下供求關係改善所致。

Business and Financial Review

業務和財務概覽

Cost of Sales and Gross Profit

The gross profit for the six months ended 30 June 2017 was RMB2,710 million (2016 corresponding period: RMB1,382 million), representing an increase of 96.1%. Gross profit margin was 15.5% (2016 corresponding period: 13.5%).

Average unit cost and gross profit per tonne during the period were as follows:

| | | For the six months ended 30 June 截至六月三十日止六個月 | | | | | |
|---|----------|---|---|----------------------------------|---|---|----------------------------------|
| | | 2017 二零一七年 | | | 2016 二零一六年 | | |
| | | Average unit cost 平均成本單價 (RMB) (人民幣元) | Gross profit per tonne 每噸毛利 (RMB) (人民幣元) | Gross profit margin 毛利率 | Average unit cost 平均成本單價 (RMB) (人民幣元) | Gross profit per tonne 每噸毛利 (RMB) (人民幣元) | Gross profit margin 毛利率 |
| H-section steel products | H型鋼產品 | 2,369 | 465 | 16.4% | 1,678 | 240 | 12.5% |
| Strips and strip products | 帶鋼及帶鋼類產品 | 2,277 | 458 | 16.7% | 1,457 | 312 | 17.6% |
| Cold rolled sheets and galvanised sheets | 冷軋板及鍍鋅板 | 3,860 | 50 | 1.3% | 2,585 | 263 | 9.2% |
| Billets | 鋼坯 | 2,308 | 288 | 11.1% | 1,452 | 118 | 7.5% |
| Rebar | 螺紋鋼 | 2,397 | 522 | 17.9% | 1,601 | 196 | 10.9% |
| Sheet piling | 鋼板樁 | 3,197 | 461 | 12.6% | 2,326 | 291 | 11.1% |
| Combined | 綜合 | 2,395 | 440 | 15.5% | 1,583 | 248 | 13.5% |

Gross profit per tonne of the Group's products increased to RMB440 for the six months ended 30 June 2017 from RMB248 for the corresponding period in 2016, reflecting a substantial increase of 77.4%. Gross profit margin increased to 15.5% for the six months ended 30 June 2017 from 13.5% for the corresponding period in 2016. The significant increase in gross profit margin was primarily due to the increase in the average selling price greater than the increase in the average unit cost and increase in sales volume of the Group's steel products during the six months ended 30 June 2017.

銷售成本及毛利

截至二零一七年六月三十日止六個月的毛利為人民幣27.10億元(二零一六年同期：人民幣13.82億元)，上升96.1%。毛利率為15.5%(二零一六年同期：13.5%)。

於期內平均成本單價及每噸毛利如下：

截至二零一七年六月三十日止六個月，本集團產品的每噸毛利由二零一六年同期人民幣248元上升至人民幣440元，大幅上升77.4%。截至二零一七年六月三十日止六個月，毛利率由二零一六年同期13.5%上升至15.5%。毛利率顯著上升主要是因為截至二零一七年六月三十日止六個月的本集團鋼鐵產品的平均銷售單價上升大於平均成本單價上升幅度及銷售量增加。

Business and Financial Review

業務和財務概覽

Property Development

During the six months ended 30 June 2017, the Group had completed Gross Floor Area (“GFA”) of 85,952 m². The status of the completed GFA by project is set out as follow:

| No. 序號 | City 城市 | Property project 物業項目 | Phase of project 項目階段 | GFA 建築面積 (m ²) (平方米) |
|-----------|----------------|--------------------------|--------------------------|---|
| 1 | Tangshan 唐山 | Donghu Bay 東湖灣 | Phase 3 三期 | 85,952 |

For the six months ended 30 June 2017, the revenue from real estate business of the Group amounted to approximately RMB901 million. The GFA of properties delivered was 81,046 m². The average selling price of properties delivered was approximately RMB11,100 per m².

As at 30 June 2017, the Group had the following project under construction with a GFA of approximately 8,900 m²:

| No. 序號 | City 城市 | Property project 物業項目 | Phase of project 項目階段 | GFA under Construction 在建的建築面積 (m ²) (平方米) | Estimate time of completion 預計竣工時間 |
|-----------|----------------|--------------------------|--------------------------|--|--|
| 1 | Tangshan 唐山 | Donghu Bay 東湖灣 | Phase 3 三期 | 8,917 | August 2018 二零一八年八月 |

The above project is expected to be completed in 2018 and will contribute stable revenue and profits to our Group.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2017, the Group had a workforce of approximately 10,600 and temporary staff of approximately 2,200. The staff cost included basic salaries and benefits. Staff benefits included discretionary bonus, medical insurance plans, pension scheme, unemployment insurance plan, maternity insurance plan and the fair value of the share options, etc.. According to the Group’s remuneration policy, employees’ package is based on productivity and/or sales performance, and is consistent with the Group’s quality control and cost control targets.

房地產開發

截至二零一七年六月三十日止六個月，本集團已竣工建築面積（「建築面積」）為85,952平方米。以下為已竣工建築面積情況：

截至二零一七年六月三十日止六個月，本集團房地產業務收入約人民幣9.01億元，已交付物業的建築面積為81,046平方米。已交付物業的平均售價為每平方米約人民幣11,100元。

於二零一七年六月三十日，本集團有下列在建項目，在建的建築面積約8,900平方米：

上述項目預期將於二零一八年完成，並將為本集團帶來穩定收入及溢利。

人力資源及薪酬政策

於二零一七年六月三十日，本集團僱用員工約10,600人及臨時工人約2,200人。員工成本包括基本薪金及福利，僱員福利包括酌情發放的花紅、醫療保險計劃、養老金計劃、失業保險計劃、生育保險計劃及購股權的公允價值等。根據本集團的薪酬政策，僱員的整套福利與僱員的生產力及／或銷售業績掛鉤，與本集團質量控制及成本控制目標一致。

Business and Financial Review

業務和財務概覽

FINANCIAL REVIEW

Liquidity and Financial Resources

In order to sustain a stable financial status, the Group closely monitors its liquidity and financial resources.

As at 30 June 2017, the Group had unutilised banking facilities of approximately RMB2.6 billion (31 December 2016: RMB1.0 billion).

As at 30 June 2017, the current ratio of the Group, representing current assets divided by current liabilities, was 1.4 times (31 December 2016: 1.1 times) and the gearing ratio, representing total liabilities divided by total assets, was 44.9% (31 December 2016: 55.5%).

As at 30 June 2017, the cash and cash equivalents of the Group amounted to approximately RMB1,692 million (31 December 2016: RMB1,290 million).

After considering its cash and cash equivalents as well as the banking facilities currently available to the Group, it is believed that the Group has sufficient capital to fund its future operations and for general business expansion and development.

Capital Structures

As at 30 June 2017, borrowings of RMB794 million of the Group bore fixed interest rates ranged from 1.76% to 6.00% per annum and borrowings of RMB645 million of the Group bore floating rates ranged from 4.75% to 4.79% per annum. The Group's exposure to changes in market interest rates was considered to be limited. The Group did not use any derivatives to hedge its exposure to interest rate risk for the six months ended 30 June 2017 and year ended 31 December 2016.

財務回顧

資金流動性及財務資源

本集團密切監察資金流動性及財務資源，以保持穩健的財政狀況。

於二零一七年六月三十日，本集團的未使用銀行授信額度為約人民幣26億元（二零一六年十二月三十一日：人民幣10億元）。

於二零一七年六月三十日，本集團的流動比率（流動資產除以流動負債）為1.4倍（二零一六年十二月三十一日：1.1倍）及資產負債比率（總負債除以總資產）為44.9%（二零一六年十二月三十一日：55.5%）。

於二零一七年六月三十日，本集團的現金及現金等價物約人民幣16.92億元（二零一六年十二月三十一日：人民幣12.90億元）。

考慮目前本集團所持有之現金及現金等價物及可用銀行授信額度後，相信本集團擁有充足的資金應付未來之業務運作及一般業務擴充和發展之資金需要。

資本結構

於二零一七年六月三十日，本集團人民幣7.94億元的借款為固定利率，年利率介乎1.76%至6.00%及本集團人民幣6.45億元的借款為浮動利率，年利率介乎4.75%至4.79%。本集團認為本集團對市場利率變化的風險為有限的。本集團於截至二零一七年六月三十日止六個月及截至二零一六年十二月三十一日止年度並無使用任何衍生工具對沖其利率風險。

Business and Financial Review

業務和財務概覽

The Group monitors its capital on the basis of the debt-to-capital ratio. This ratio is calculated as total debt divided by total capital. Total debt includes current and non-current borrowings, other long-term payables and borrowings from related parties. The Group regards its non-current borrowings, non-current portion of other long-term payables, non-current portion of borrowings from related parties and its equity attributable to owners of the Company as its total capital. As at 30 June 2017, the debt-to-capital ratio of the Group was 15.7% (31 December 2016: 25.8%).

The consolidated interest expenses and capitalised interest for the six months ended 30 June 2017 amounted to RMB63 million (2016 corresponding period: RMB81 million). The interest coverage ratio (divide earnings before finance costs – net and income tax expense by total interest expenses) was 40.3 times (2016 corresponding period: 10.4 times).

Capital commitments

As at 30 June 2017, the Group had capital commitments of approximately RMB1,118 million (31 December 2016: RMB1,411 million). It is estimated that the capital commitments will be financed by the Group's internal resources and available banking facilities.

Guarantees and Contingent Liabilities

As at 30 June 2017, the Group's contingent liabilities amounted to approximately RMB11 million (31 December 2016: RMB11 million), which was the provision of guarantee for bank borrowings in favour of a third party.

本集團根據債項與資本比率監察資本狀況。債項與資本比率為債項總額除以總資本，而債項總額包括流動及非流動借款、其他長期應付賬款及關聯方借款。本集團將其非流動借款、其他長期應付賬款非流動部份、關聯方借款的非流動部份及歸屬於本公司權益持有者的權益視為本集團的總資本。於二零一七年六月三十日，本集團的債項與資本比率為15.7%（二零一六年十二月三十一日：25.8%）。

截至二零一七年六月三十日止六個月，合併利息支出及資本化利息共人民幣6,300萬元（二零一六年同期：人民幣8,100萬元）。利息覆蓋率（扣除財務成本－淨額及所得稅前溢利除以總利息支出）為40.3倍（二零一六年同期：10.4倍）。

資本承擔

於二零一七年六月三十日，本集團的資本承擔約人民幣11.18億元（二零一六年十二月三十一日：人民幣14.11億元）。預計將由本集團內部資源及可用銀行授信額度作為資本承擔之融資。

擔保及或然負債

於二零一七年六月三十日，本集團的或然負債為約人民幣1,100萬元（二零一六年十二月三十一日：人民幣1,100萬元）以作為替一名第三方作銀行借貸擔保。

Business and Financial Review

業務和財務概覽

Pledge of Assets

As at 30 June 2017, the net book value of the Group's leasehold land and land use right amounting to RMB55 million (31 December 2016: RMB56 million), property, plant and equipment amounting to RMB890 million (31 December 2016: approximately RMB975 million), inventories amounting to approximately RMB61 million (31 December 2016: approximately RMB69 million), notes receivable amounting to RMB5 million (31 December 2016: approximately RMB358 million) and restricted bank balances amounting to approximately RMB511 million (31 December 2016: approximately RMB891 million) had been pledged as security for the Group's notes payable, bank borrowings and letter of credit issuing.

Exchange Risks

Foreign exchange risk is the risk to the Group's financial conditions and results of operations arising from movements of foreign exchange rates. The Group mainly operates in the Mainland China with most of the transactions denominated and settled in RMB. The Group's foreign exchange risk primarily arises from the procurement of iron ores and the relevant products from overseas suppliers, which is denominated and settled in USD. Foreign exchange rates fluctuate in reaction to the macro-economic performance of different countries and fund flows between countries arising from trade or capital commitments. In view of continuous fluctuation of the RMB exchange rate against USD, during the six months ended 30 June 2017, the Group has entered into certain foreign currency forward contracts so as to reduce the impact of the volatility of the RMB exchange rate against USD. The Group also reviewed and rearranged its monetary assets to mitigate the impact from the change of RMB to USD exchange rate.

Iron Ore Swaps

In view of the significant fluctuation of iron ore price during the six months ended 30 June 2017, the Group has been cautious in entering into iron ore swap contracts so as to reduce the potential negative impact of the iron ore swap contracts.

資產抵押

於二零一七年六月三十日，本集團賬面淨值人民幣5,500萬元(二零一六年十二月三十一日：人民幣5,600萬元)的租賃土地及土地使用權、人民幣8.90億元(二零一六年十二月三十一日：約人民幣9.75億元)的物業、廠房及設備、約人民幣6,100萬元(二零一六年十二月三十一日：約人民幣6,900萬元)的存貨、人民幣500萬元(二零一六年十二月三十一日：約人民幣3.58億元)的應收票據及約人民幣5.11億元(二零一六年十二月三十一日：約人民幣8.91億元)的受限制銀行結餘，已為本集團的應付票據、銀行借款及開具信用證作抵押。

匯率風險

外匯風險指匯率變動對本集團財務狀況及營運業績構成之風險。本集團主要在中國境內經營，大多數交易以人民幣計值及結算。本集團之外匯風險主要由於向海外供應商購入鐵礦石和相關產品以美元計值及結算。匯率波動受不同國家宏觀經濟表現以及貿易或資本動向帶來國家之間資金流動所影響。鑒於人民幣兌美元匯率持續波動，於截至二零一七年六月三十日止六個月，本集團已訂立若干外幣遠期合約，以減低人民幣兌美元匯率波動的影響。本集團亦已審核及重新調配其貨幣資產以減低人民幣兌美元匯率變動產生的影響。

鐵礦石掉期

鑒於截至二零一七年六月三十日止六個月鐵礦石價格顯著波動，為降低鐵礦石掉期合約的潛在負面影響，本集團已謹慎訂立鐵礦石掉期合約。

USE OF PROCEEDS FROM PLACING OF SHARES

On 27 January 2017, the Company completed the placing of 586,284,000 new ordinary shares of the Company (the “Shares”) under general mandate. The net proceeds of the aforesaid placing were approximately RMB653 million (after deducting relevant placing commission, professional fees and all related expenses). As at 30 June 2017, approximately RMB506 million or 77.5% were utilised. Among the net proceeds used, (i) approximately RMB310 million was utilised for capital expenditure; and (ii) approximately RMB196 million was utilised for general working capital of the Group. The purpose of capital utilisation is consistent with the intended use of the placing.

DIVIDEND

The Board proposed an interim dividend of HK\$457.8 million (approximately RMB389.9 million), representing HK\$0.13 per ordinary share in respect of the six months ended 30 June 2017 to the Shareholders whose names appear on the register of members of the Company at the close of business on Monday, 11 September 2017. The interim dividend will be payable on or around Friday, 29 September 2017.

The Board proposed a final dividend of HK\$175.9 million (approximately RMB157.3 million), representing HK\$0.05 per ordinary share and a special dividend of HK\$351.8 million (approximately RMB314.7 million), representing HK\$0.10 per ordinary share in respect of the year ended 31 December 2016. This proposed dividend was approved by the Shareholders on the annual general meeting of the Company dated 31 May 2017 and was paid during the period.

股份配售所得款項用途

於二零一七年一月二十七日，本公司完成根據一般授權配售本公司普通股（「股份」）586,284,000新股，上述配售所得款項淨額為約人民幣6.53億元（經扣除相關配售佣金、專業費用和所有相關開支後），於二零一七年六月三十日，已使用募集資金約人民幣5.06億元或約77.5%，已使用之所得款項淨額有：(i)用於資本開支的資金約人民幣3.10億元；及(ii)用於本集團一般營運資金的資金約人民幣1.96億元。資金使用目標與配售計劃用途一致。

股息

董事局建議就截至二零一七年六月三十日止六個月向在二零一七年九月十一日（星期一）辦公時間結束時名列於本公司股東名冊上之股東派發中期股息4.578億港元（約人民幣3.899億元）（即每股普通股0.13港元）。中期股息將於二零一七年九月二十九日（星期五）或前後派付。

董事局建議就截至二零一六年十二月三十一日止年度派發末期股息1.759億港元（約人民幣1.573億元）（即每股普通股0.05港元）及特別股息3.518億港元（約人民幣3.147億元）（即每股普通股0.10港元）。此建議派發的股息於二零一七年五月三十一日本公司舉行的股東週年大會上經股東通過及已於期內支付。

Business and Financial Review

業務和財務概覽

LITIGATION

As disclosed in the announcements of the Company dated 27 January 2017, 19 May 2017 and 29 May 2017, on 19 May 2017, the Company received an originating summons (the “Summons”) filed by ArcelorMittal and ArcelorMittal Holdings AG as the plaintiffs (collectively, the “Plaintiffs”) under an action number HCMP 1163 of 2017 in the Court of First Instance of the High Court of Hong Kong Special Administrative Region (the “Court”) against (i) the Company; (ii) Mr. Han Jingyuan; (iii) Mr. Han Li; (iv) Mr. Zhu Jun; (v) Mr. Shen Xiaoling; (vi) Mr. Zhu Hao; (vii) Mr. Wong Man Chung, Francis; (viii) Mr. Wang Tianyi; and (ix) Mr. Wang Bing as defendants (collectively, the “Defendants”). Defendants (ii) – (ix) are directors of the Company. Pursuant to the Summons, the Plaintiffs applied to the Court for an order pursuant to section 740 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) that the Defendants disclose and allow inspection of certain documents relating to the completion of placing of the Shares on 27 January 2017 (the “Placing”).

The directors of the Company (other than Mr. Ondra Otradovec) (the “Directors”) would like to emphasise to the Shareholders and investors that the Placing, the restoration of the public float so as to avoid a de-listing of the Company’s shares and the resumption of trading of the Company’s Shares at 9:00 a.m. on Wednesday, 1 February 2017 was conducted in the best interests of the Company and its Shareholders as a whole, and any claim to the contrary is without merit and groundless. The Directors will vigorously defend against any action that is founded on the basis that the Directors did not act properly and in the best interest of the Company and its Shareholders as a whole.

訴訟

如本公司日期為二零一七年一月二十七日、二零一七年五月十九日及二零一七年五月二十九日之公告所披露，於二零一七年五月十九日，本公司接獲ArcelorMittal及ArcelorMittal Holdings AG為原告（統稱「該等原告」）入稟香港特別行政區高等法院原訟法庭（「該法庭」）向(i)本公司；(ii)韓敬遠先生；(iii)韓力先生；(iv)朱軍先生；(v)沈曉玲先生；(vi)朱浩先生；(vii)黃文宗先生；(viii)王天義先生；及(ix)王冰先生為被告（統稱「該等被告」）的一張原訴傳票（「該傳票」，訴訟編號二零一七年HCMP 1163）。該等被告(ii)-(ix)為本公司的董事們。根據該傳票，該等原告已向該法庭申請一項根據公司條例（香港法例第622章）第740條的命令要求該等被告披露及給予檢查若干有關於二零一七年一月二十七日完成配售股份（「該配售」）的文件。

本公司的董事們（不包括Ondra Otradovec先生）（「該董事們」）在此向股東及投資者強調，該配售、恢復公眾持股量致使避免本公司之股份除牌及本公司的股份於二零一七年二月一日（星期三）上午九時正起恢復買賣是在本公司及其股東之整體最佳利益進行，而任何相反的指控都是毫無根據和憑空的。該董事們將強烈地抗辯就任何對該董事們基於行事不當及沒有為本公司及其股東之整體最佳利益行事的指控。

FUTURE PROSPECTS

It is expected that in the second half of 2017, the steel prices will continue to fluctuate but overall see an upturn. Based on information published by the National Development and Reform Commission of China (“NDRC”), up to end of May, there were reduction of crude steel production capacity of 42.39 million tonnes, representing completion of 84.8% of the annual target assignment of 50 million tonnes. The crackdown of illegal non-compliance “Illegal Sub-Standard Steel” achieved significant results. In the first half of 2017, China cracked down and shut down more than 600 “Illegal Sub-Standard Steel” producing entities, involving production capacity of approximately 120 million tonnes. Upon the thorough crackdown of “Illegal Sub-Standard Steel” before 30 June 2017, the steel industry’s development will be stepping into a new phrase. Under the backdrop of Chinese government’s active adjustment policy towards the steel industry, it would bring along continuous fundamental improvements in Mainland China’s steel industry and support to the steel prices. The operating environment would be becoming positive.

In addition, regarding the development of the “Xiongan New Area”, it is expected for bringing new opportunities to the Group in the medium to long term. The Group believed the overall business environment will improve continuously, bringing stable demands for the Group.

Under such backdrop, the Group plans to maintain its competitiveness and gain a more prominent position in the industry by continuous improvement in production efficiency, developing and increasing the number of high value-added products, reducing production and operating cost, reducing inventory, expanding market share and optimising the utilisation of internal resources.

In the second half of 2017, the Group will continue to focus on the development of certain high-end steel products including high-strength, high and low temperature repercussive and high-weatherability H-section steel products, to gradually complete angle steel and channel steel products series and specifications and products which suit standards of other countries, to continuously improve the quality and passing rate of established products, to increase the market share of high value-added products and to further optimise production costs including the proportion of self-generated electricity, investing resources in environmental protection equipment, etc., in order to enhance the core competitiveness of the Group.

未來展望

預計在二零一七年下半年，鋼材價格將繼續波動但整體平穩向好的趨勢。按中國國家發展和改革委員會（「發改委」）發放的資訊，截至五月底，全國退出粗鋼產能4,239萬噸，已完成年度目標任務5,000萬噸的84.8%。取締違法違規「地條鋼」工作成效明顯，於二零一七年上半年中國共取締、關停「地條鋼」生產企業600多家，涉及產能約1.2億噸。於二零一七年六月三十日前全面徹底取締「地條鋼」後，鋼鐵行業發展將會迎來一個全新階段。面對中國政府對鋼鐵行業積極調控政策的背景下，將為中國大陸鋼鐵行業持續帶來結構性改善以及為鋼材價格帶來支持，經營環境將變得正面。

此外，就鄰近的「雄安新區」的發展，預期將為本集團中長期的時間帶來新的機遇。本集團相信整體營商環境將會持續改善，為本集團帶來穩定的需求。

在此背景下，本集團將計劃透過持續改善生產效率、開發及增加高附加值產品、縮減生產及營運成本、減低存貨、拓展市場份額及優化內部資源運用等以維持其競爭力，爭取行業中更前列的位置。

於二零一七年下半年，本集團將繼續著力開發高端型鋼鐵產品包括高強度、高低溫衝擊、高耐候等的H型鋼產品、逐步完善角鋼和槽鋼產品的系列及規格，並完善其他國家標準的產品、對發展成熟的產品持續改良品質及合格率、提升高附加值產品市場佔有率以及進一步優化生產成本包括自發電比例、投放資源於環保設備等，以提升集團的核心競爭力。

Business and Financial Review

業務和財務概覽

The Group made its first investment in an upgrading project for sheet piling and ultra-large H-section steel products since 2016. The project is designed to have an annual capacity of approximately 1.0 million tonnes and is expected to require investments of approximately RMB1.0 billion to RMB1.5 billion. The primarily products of the project are U sheet piling of 500mm, 600mm, 750mm, and up to a maximum of 900mm and Z sheet piling of 500mm, 600mm, 750mm, and up to a maximum of 850mm as well as ultra-large H-section steel of ultra-thick, ultra-heavy, applying to super-high steel structure construction with a plate width reaching 1100mm, so as to further optimise the product mix, and fill the gap in Chinese market for the high-end section steel products categories which were relying on imports. It is expected to commence operation in the fourth quarter of 2017. The sheet piling products are highly-efficient materials internationally widely applied in works of construction, irrigation, ports, dams, temporary support cofferdam, railway, etc. The application in China is still in the start-up stage. Sheet piling earned its wide notice and recognition due to its advantages of simple structure, high construction efficiency, firm engineering, good watertightness and reusability.

In addition, the Group will continue to keep an eye on state projects which will consume large volume of steel, broaden the channels to collect market shortages product information to guide its new product development. Furthermore, it will strengthen the risks management and production procedure supervision to enhance the function of the risk management department, to improve the risk resistance capacity of the Group and to maintain its stable operation.

Since its listing in 2004, the Group has continued to expand its business, diversify its steel product categories and business portfolio. During the last 13 years (since being listed), the Group's overall steel production capacity has reached approximately 11.0 million tonnes per annum from approximately 3.1 million tonnes per annum at the time of the listing. The steel products include H-section steel products, sheet piling products, strips and strip products, billets, cold rolled sheets and galvanised sheets and rebar. The Group is constantly developing products of different series and specifications to meet market needs. Moreover, the H-section steel products of the Group maintain its leading position in China. The Group will continue to develop its business towards the direction of the largest section steel production base in the world, and to explore expanding through upstream and downstream integration. The Group will strive to take full advantage of the current solid financial condition and efficient management to intensify the continuous development of the Group and to maximise the Company's Shareholders' value.

本集團自二零一六年開始投資鋼板樁及超大H型鋼產品升級項目，此項目年產能規模約100萬噸，預料投資額約人民幣10-15億元，項目主導產品為500mm、600mm、750mm，最大到900mm的U型鋼板樁和500mm、600mm、750mm，最大到850mm的Z型鋼板樁以及超厚、超重、用於超高層鋼結構建築腹板寬度達到1100mm的超大規格H型鋼，以進一步優化產品結構，及填補國內市場一直倚賴進口的高端型鋼產品品種，預計在二零一七年第四季將開始投入營運。鋼板樁產品是國際上廣泛應用於建築、水利、碼頭、堤壩、臨時支護圍堰、鐵路等工程的高效材料，在國內應用尚屬起步階段，鋼板樁以其結構簡單、施工效率高、工程牢固、止水性好及可重複利用的優勢，受到廣泛關注和認可。

此外，本集團將繼續追蹤國家重點耗鋼項目建設，加大對市場緊缺產品的資訊收集，作為新產品開發的導向，亦將繼續加強風險管理及生產過程監控，強化風險控制部職能作用，以提高本集團整體抵抗風險能力及維持穩健經營。

而本集團自二零零四年上市以來，不斷擴展其業務規模、擴闊鋼鐵產品種類和業務組合。在過去十三年間（自上市以來），本集團的整體鋼鐵年產能已由上市時的約310萬噸提升至現時的約1,100萬噸。鋼材產品種類包括：H型鋼產品、鋼板樁產品、帶鋼及帶鋼類產品、鋼坯、冷軋板及鍍鋅板和螺紋鋼，本集團不斷開發不同系列及規格的產品以迎合市場需要。此外，由本集團生產的H型鋼產品在中國大陸保持著領先的地位。本集團的業務將繼續朝著世界最大型的型鋼生產基地方向發展，以及探索在本行業實行上、下游伸延。本集團將致力有效運用其現有的穩健財政狀況和高效的管理模式，推動本集團的持續發展，以實現本公司股東價值最大化。

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2017, the interests and short positions of the directors, chief executives and their associates of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which (i) 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 and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (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 (“Listing Rules”), and adopted by the Company were as follows:

董事於證券的權益及淡倉

於二零一七年六月三十日，本公司的董事、主要行政人員及其聯繫人於本公司或其任何相聯法團（定義見證券及期貨條例「證券及期貨條例」第XV部）的股份、相關股份或債券中擁有(i)根據證券及期貨條例第XV部的第7及第8分部須知會本公司及聯交所（包括根據證券及期貨條例彼等被當作或視為擁有之權益及淡倉之條款）；或(ii)根據證券及期貨條例第352條須列入該條所指登記冊內；或(iii)根據本公司已採納的香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十所載的上市發行人董事進行證券交易的標準守則（「標準守則」）知會本公司及香港聯合交易所有限公司（「聯交所」）的權益及淡倉載列如下：

Other Information 其他資料

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES (continued)

董事於證券的權益及淡倉(續)

Interest in the Shares and underlying Shares of the Company:

於本公司股份和相關股份的權益：

| | Interests in Shares 股份權益 | | Interests in underlying Shares pursuant to share options 根據購股權在 相關股份的權益 | Percentage of the Company's issued share capital 佔本公司已發行 股本的百分比 | Long/ Short position 好/淡倉 |
|--|-------------------------------|------------------------------|--|--|---------------------------------|
| | Corporate Interest 公司權益 | Personal Interest 個人權益 | | | |
| Mr. Han Jingyuan (Note 1) 韓敬遠先生(附註1) | 1,253,188,849 | - | - | 35.59% | Long(好) |
| | - | 2,800,000 | 22,500,000 | 0.72% | Long(好) |
| Mr. Zhu Jun 朱軍先生 | - | 2,400,000 | 7,800,000 | 0.29% | Long(好) |
| Mr. Shen Xiaoling 沈曉玲先生 | - | 2,400,000 | 7,800,000 | 0.29% | Long(好) |
| Mr. Zhu Hao 朱浩先生 | - | - | 7,800,000 | 0.22% | Long(好) |
| Mr. Han Li 韓力先生 | - | - | 5,400,000 | 0.15% | Long(好) |
| Mr. Ondra Otradovec 先生 Ondra Otradovec 先生 | - | - | - | - | - |
| Mr. Wong Man Chung, Francis 黃文宗先生 | - | 1,800,000 | 4,800,000 | 0.19% | Long(好) |
| Mr. Wang Tianyi 王天義先生 | - | - | 2,000,000 | 0.06% | Long(好) |
| Mr. Wang Bing 王冰先生 | - | - | - | - | - |

Note:

附註：

(1) At 30 June 2017, Mr. Han Jingyuan beneficially owned 63.15% of the issued share capital of Wellbeing Holdings Limited ("Wellbeing Holdings") and held 16.09% of the issued share capital of Wellbeing Holdings on trust for the benefit of certain employees of the subsidiary of the Company. Wellbeing Holdings beneficially owned 1,191,535,124 Shares, representing approximately 33.84% of the issued share capital of the Company. Mr. Han Jingyuan also beneficially owned 100% of the issued share capital of Chingford Holdings Limited ("Chingford Holdings") which beneficially owned 61,653,725 Shares, representing approximately 1.75% of the issued share capital of the Company.

(1) 於二零一七年六月三十日，韓敬遠先生實益擁有 Wellbeing Holdings Limited (「Wellbeing Holdings」) 已發行股本的 63.15% 權益，並以信託方式就本公司附屬公司若干僱員的利益持有 Wellbeing Holdings 已發行股本的 16.09% 權益。Wellbeing Holdings 實益擁有 1,191,535,124 股股份，約佔本公司已發行股本的 33.84% 權益。韓敬遠先生亦實益擁有 Chingford Holdings Limited (「Chingford Holdings」) 的全部已發行股本，而 Chingford Holdings 實益擁有 61,653,725 股股份，約佔本公司已發行股本的 1.75%。

At 30 June 2017, Mr. Han Jingyuan beneficially owned 2,800,000 Shares, representing approximately 0.08% of the issued share capital of the Company.

於二零一七年六月三十日，韓敬遠先生實益擁有 2,800,000 股股份，約佔本公司已發行股本的 0.08%。

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES (continued)

Save as disclosed above and in the section of "Equity-settled Share Option Scheme" below, at 30 June 2017, none of the directors, chief executives and their associates had any interest and short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning part XV of SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

EQUITY-SETTLED SHARE OPTION SCHEME

The Company adopted three share option schemes approved by the Shareholders at the annual general meeting held on 17 May 2006 ("2006 Share Option Scheme"), approved by the Shareholders at the special general meeting held on 20 December 2010 ("2010 Share Option Scheme") and approved by the Shareholders at the special general meeting held on 15 May 2013 ("2013 Share Option Scheme") respectively (collectively referred to as "Share Option Schemes") for the purpose of providing incentives and rewards to eligible participants who are regarded as valuable human resources of the Group or who have contributed to the growth and success of the Group with their performance and other factors (e.g. their years of service with the Company and/or work experience and/or knowledge in the industry etc.) to contribute further to the Company. The 2006 Share Option Scheme was expired on 16 May 2016.

The Share Option Schemes do not specify any minimum holding period and/or performance targets as a condition for the exercise of an option but subject to the rules of the Share Options Schemes. The Board is empowered with the authority to determine granting of an option on a case by case basis taking into account of the relevant factors as the Board in its sole discretion considers appropriate.

The maximum number of Shares issuable under the Share Option Schemes to each eligible participant within any 12-month period is limited to 1% of the Shares in issue at any time. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting.

董事於證券的權益及淡倉(續)

除上文和下述的「以股權結算的購股權計劃」部份所披露外，於二零一七年六月三十日，概無本公司董事、主要行政人員及其聯繫人於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)的股份、本公司的相關股份及債券中擁有需根據證券及期貨條例第352條所存置的股東名冊所記錄，或根據標準守則須知會本公司及聯交所的任何權益及淡倉。

以股權結算的購股權計劃

本公司已採納的三個購股權計劃分別為於二零零六年五月十七日舉行的股東週年大會上由股東批准的購股權計劃(「二零零六年購股權計劃」)、於二零一零年十二月二十日舉行的股東特別大會上由股東批准的購股權計劃(「二零一零年購股權計劃」)及於二零一三年五月十五日舉行的股東特別大會上由股東批准的購股權計劃(「二零一三年購股權計劃」)(統稱為「購股權計劃」)已向合資格參與者授予購股權，目的旨在激勵及獎勵合資格參與者，彼等被視為本集團的寶貴人力資源或以彼等之表現及其他因素對本集團的發展和成功作出貢獻(例如彼等在本公司的服務年期及/或行內的工作經驗及/或知識)，並對本公司作出更多貢獻。二零零六年購股權計劃已於二零一六年五月十六日到期。

購股權計劃並無任何特定須持有的最短期間及/或行使購股權須達致的表現目標，惟根據購股權計劃的條款，授予董事局全權酌情釐定單獨個別情況的授出購股權條款作出其認為適當的有關因素。

根據購股權計劃，向每名合資格參與者授予的最高可發行的股份數目在該授出日期止任何十二個月期間內上限為本公司當時發行股份的1%。任何超出限制的進一步授予購股權需於股東大會上由股東批准。

Other Information

其他資料

EQUITY-SETTLED SHARE OPTION SCHEME (continued)

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Schemes shall be valid and effective for a period of ten years from their respective dates of adoption.

The subscription price shall be such price determined by the Board at its absolute discretion and shall be no less than the highest of: (a) the closing price of Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (b) the average closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share on the date of grant.

The consideration payable on acceptance of the option granted to an grantee under the respective Share Option Schemes is HK\$1.00.

The total number of Shares available for issue under the Share Option Schemes upon exercising of all outstanding share options granted and yet to be exercised is 231,070,000 Shares, representing approximately 6.56% of the issued share capital of the Company as at 30 June 2017.

Pursuant to the 2006 Share Option Scheme, the Company can issue options so that the total number of Shares that may be issued upon exercise of all options to be granted under the 2006 Share Option Scheme are 290,500,000 Shares, representing approximately 8.25% of the issued share capital of the Company as at 30 June 2017. Eligible participants of the 2006 Share Option Scheme includes all Directors (whether Executive or Non-executive and whether independent or not) and any employees (whether full-time or part-time) of any company in the Group or any entity in which any member of the Group holds an equity interest (whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid). Details of the share options outstanding under 2006 Share Option Scheme were as follows:

以股權結算的購股權計劃(續)

在不抵觸本公司於股東大會上或透過董事局提早終止下，購股權計劃將自其採納日期起計為期十年有效及生效。

認購價乃由董事局全權酌情釐定，並不會低於以下最高者：(a) 股份於授予日在聯交所每日報價表所報的收市價；(b) 股份於緊接授予日前五個營業日在聯交所每日報價表所報的平均收市價；及(c) 股份於授予日的面值。

在各購股權計劃下，接納授予承受人的購股權須支付的代價為1.00港元。

於行使所有已授出但尚未行使的所有尚未行使購股權後，根據購股權計劃，可予以發行的股份總數為231,070,000股，佔本公司於二零一七年六月三十日已發行股本約6.56%。

根據二零零六年購股權計劃，本公司可授出購股權，以使根據二零零六年購股權計劃將予授出的所有購股權獲行使時可予發行的股份總數為290,500,000股，佔本公司於二零一七年六月三十日的已發行股本約8.25%。二零零六年購股權計劃的合資格參與者包括本公司全體董事（無論執行董事或非執行董事及無論是否獨立）及本集團任何成員公司或本集團任何成員公司持有股本權益的任何實體的任何僱員（無論全職或兼職）（不論其基於聘用、合約或榮譽或其他性質及是否受薪）。二零零六年購股權計劃下尚未行使的購股權詳情如下：

EQUITY-SETTLED SHARE OPTION SCHEME (continued)

以股權結算的購股權計劃(續)

| Date of grant | Exercisable period | Exercise price | Closing price per Share immediately before the date of grant | No. of options outstanding at 1 January 2017 | No. of options granted during the six months ended 30 June 2017 | No. of options exercised/ cancelled/ lapsed during the six months ended 30 June 2017 | No. of options outstanding at 30 June 2017 | Approximate shareholding percentage of the underlying |
|----------------------------|--------------------------------|-------------------|--|--|---|--|--|--|
| | | | | | | | | Shares for the options in the share capital of the Company |
| 授予日 | 可行使期間 | 行使價 HK\$ 港元 | 緊接 授予日前的 每股收市價 HK\$ 港元 | 於二零一七年 一月一日 未行使的 購股權數目 | 於截至 二零一七年 六月三十日止 六個月內 授予 的購股權數目 | 於截至 二零一七年 六月三十日 已行使/ 註銷/失效的 購股權數目 | 於二零一七年 六月三十日 未行使的 購股權數目 | 購股權相關 股份佔本公司 股本的股權 概約百分比 |
| Mr. Han Jingyuan 韓敬遠先生 | 2009/2/24 to 2019/2/23 | 1.39 | 1.24 | 2,900,000 | - | - | 2,900,000 | 0.08% |
| Mr. Zhu Jun 朱軍先生 | 2009/2/24 to 2019/2/23 | 1.39 | 1.24 | 2,600,000 | - | - | 2,600,000 | 0.07% |
| Mr. Shen Xiaoling 沈曉玲先生 | 2009/2/24 to 2019/2/23 | 1.39 | 1.24 | 2,600,000 | - | - | 2,600,000 | 0.07% |
| Mr. Zhu Hao 朱浩先生 | 2009/2/24 to 2019/2/23 | 1.39 | 1.24 | 2,600,000 | - | - | 2,600,000 | 0.07% |
| Mr. Han Li 韓力先生 | 2009/12/29 to 2019/12/28 | 2.84 | 2.77 | 1,600,000 | - | - | 1,600,000 | 0.05% |

Other Information 其他資料

EQUITY-SETTLED SHARE OPTION SCHEME (continued)

以股權結算的購股權計劃(續)

| | Date of grant | Exercisable period | Exercise price | Closing price per Share immediately before the date of grant | No. of options outstanding at 1 January 2017 | No. of options granted during the six months ended 30 June 2017 | No. of options cancelled/lapsed during the six months ended 30 June 2017 | No. of options outstanding at 30 June 2017 | Approximate shareholding percentage of the underlying |
|--------------------------------------|---------------|-------------------------|-------------------|--|--|---|--|--|--|
| | | | | | | | | | Shares for the options in the share capital of the Company |
| | 授予日 | 可行使期間 | 行使價 HK\$ 港元 | 緊接 授予日前的 每股收市價 HK\$ 港元 | 於二零一七年 一月一日 未行使的 購股權數目 | 於二零一七年 六月三十日止 六個月內 授予的 購股權數目 | 於二零一七年 六月三十日止 六個月內 註銷/失效的 購股權數目 | 於二零一七年 六月三十日 未行使的 購股權數目 | 購股權相關 股份佔本公司 股本的股權 概約百分比 |
| Mr. Wong Man Chung, Francis 黃文宗先生 | 2009/2/24 | 2009/2/24 to 2019/2/23 | 1.39 | 1.24 | 2,000,000 | - | (1,800,000) (Note 1) (附註1) | 200,000 | 0.01% |
| Employees 僱員 | 2009/2/24 | 2009/2/24 to 2019/2/23 | 1.39 | 1.24 | 1,200,000 | - | (1,200,000) (Note 1) (附註1) | - | - |
| Employees 僱員 | 2009/12/29 | 2010/3/29 to 2019/12/28 | 2.84 | 2.77 | 115,050,000 | - | - | 115,050,000 | 3.27% |
| Total 合計 | | | | | <u>130,550,000</u> | <u>-</u> | <u>(3,000,000)</u> | <u>127,550,000</u> | <u>3.62%</u> |

Note 1: During the six months ended 30 June 2017, 3,000,000 options were exercised.

附註1: 於截至二零一七年六月三十日止六個月內, 3,000,000份購股權已行使。

EQUITY-SETTLED SHARE OPTION SCHEME (continued)

Pursuant to the 2010 Share Option Scheme, the Company can issue options so that the total number of Shares that may be issued upon exercise of all options to be granted under the 2010 Share Option Scheme are 146,486,250 Shares, representing approximately 4.16% of the issued share capital of the Company as at 30 June 2017. Eligible participants of the 2010 Share Option Scheme includes all Directors (whether Executive or Non-executive and whether independent or not) and any employees (whether full-time or part-time) of any company in the Group or any entity in which any member of the Group holds an equity interest (whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid) and any person considered by the Directors to have contributions to any company in the Group or any entity in which any member of the Group holds an equity interest. Details of the share options outstanding under 2010 Share Option Scheme were as follows:

以股權結算的購股權計劃(續)

根據二零一零年購股權計劃，本公司可發行購股權，以使根據二零一零年購股權計劃將予授出的所有購股權獲行使時可予發行的股份總數為146,486,250股股份，佔本公司於二零一七年六月三十日的已發行股本約4.16%。二零一零年購股權計劃的合資格參與者包括本公司全體董事（無論執行董事或非執行董事及無論是否獨立）、本集團任何成員公司或本集團任何成員公司持有股本權益的任何實體的任何僱員（無論全職或兼職）（不論其基於聘用、合約、榮譽或其他性質及是否受薪）及董事認為對本集團任何成員公司或本集團任何成員公司持有股本權益的任何實體作出貢獻的任何人士。二零一零年購股權計劃下尚未行使的購股權詳情如下：

| Date of grant | Exercisable period | Exercise price | Closing price per Share immediately before the date of grant | No. of options outstanding at 1 January 2017 | No. of options granted during the six months ended 30 June 2017 | No. of options exercised/ cancelled/ lapsed during the six months ended 30 June 2017 | Approximate shareholding percentage of the underlying Shares for the options in the share capital of the Company | Approximate shareholding percentage of the underlying Shares for the options in the share capital of the Company | |
|---------------------------|-------------------------------|-------------------|--|--|---|--|--|--|--|
| | | | | | | | | No. of options outstanding at 30 June 2017 | No. of options outstanding at 30 June 2017 |
| 授予日 | 可行使期間 | 行使價 HK\$ 港元 | 緊接 授予日前的 每股收市價 HK\$ 港元 | 於二零一七年 一月一日 未行使的 購股權數目 | 於二零一七年 六月三十日止 六個月內 授予 的購股權數目 | 於二零一七年 六月三十日止 六個月內 已行使/ 註銷/失效的 購股權數目 | 購股權相關 股份佔本公司 股本的股權 概約百分比 | | |
| Mr. Han Jingyuan 韓敬遠先生 | 2011/3/28 to 2021/3/27 | 3.08 | 3.08 | 9,800,000 | - | - | 9,800,000 | 0.28% | |
| | 2012/3/30 to 2020/12/19 | 2.03 | 2.01 | 9,800,000 | - | - | 9,800,000 | 0.28% | |

Other Information 其他資料

EQUITY-SETTLED SHARE OPTION SCHEME (continued)

以股權結算的購股權計劃(續)

| | Date of grant | Exercisable period | Exercise price | Closing price per Share immediately before the date of grant | No. of options outstanding at 1 January 2017 | No. of options granted during the six months ended 30 June 2017 | No. of options exercised/ cancelled/ lapsed during the six months ended 30 June 2017 | No. of options outstanding at 30 June 2017 | Approximate shareholding percentage of the underlying |
|----------------------------|---------------|-------------------------------------|-------------------|--|--|---|--|--|--|
| | | | | | | | | | Shares for the options in the share capital of the Company |
| | 授予日 | 可行使期間 | 行使價 HK\$ 港元 | 緊接 授予日前的 每股收市價 HK\$ 港元 | 於二零一七年 一月一日 未行使的 購股權數目 | 於二零一七年 六月三十日止 六個月內 已行使/ 註銷/失效的 購股權數目 | 於二零一七年 六月三十日 未行使的 購股權數目 | 購股權相關 股份佔本公司 股本的股權 概約百分比 | |
| Mr. Zhu Jun 朱軍先生 | 2010/12/24 | 2010/12/24 to 至 2020/12/19 | 3.182 | 3.17 | 2,600,000 | - | - | 2,600,000 | 0.07% |
| | 2012/3/30 | 2012/3/30 to 至 2020/12/19 | 2.03 | 2.01 | 2,600,000 | - | - | 2,600,000 | 0.07% |
| Mr. Shen Xiaoling 沈曉玲先生 | 2010/12/24 | 2010/12/24 to 至 2020/12/19 | 3.182 | 3.17 | 2,600,000 | - | - | 2,600,000 | 0.07% |
| | 2012/3/30 | 2012/3/30 to 至 2020/12/19 | 2.03 | 2.01 | 2,600,000 | - | - | 2,600,000 | 0.07% |
| Mr. Zhu Hao 朱浩先生 | 2010/12/24 | 2010/12/24 to 至 2020/12/19 | 3.182 | 3.17 | 2,600,000 | - | - | 2,600,000 | 0.07% |
| | 2012/3/30 | 2012/3/30 to 至 2020/12/19 | 2.03 | 2.01 | 2,600,000 | - | - | 2,600,000 | 0.07% |

EQUITY-SETTLED SHARE OPTION SCHEME (continued)

以股權結算的購股權計劃(續)

| Name | Date of grant | Exercisable period | Exercise price | Closing price per Share immediately before the date of grant | No. of options outstanding at 1 January 2017 | No. of options granted during the six months ended 30 June 2017 | No. of options exercised/ cancelled/ lapsed during the six months ended 30 June 2017 | No. of options outstanding at 30 June 2017 | Approximate shareholding percentage of the underlying Shares for the options in the share capital of the Company |
|--------------------------------------|---------------|--------------------------------|-------------------|--|--|---|--|--|--|
| | | | | | | | | | |
| | 授予日 | 可行使期間 | 行使價 HK\$ 港元 | 緊接 授予日前的 每股收市價 HK\$ 港元 | 於二零一七年 一月一日 未行使的 購股權數目 | 於二零一七年 六月三十日止 六個月內 已行使/ 註銷/失效的 購股權數目 | 於二零一七年 六月三十日 未行使的 購股權數目 | 購股權相關 股份佔本公司 股本的股權 概約百分比 | |
| Mr. Han Li 韓力先生 | 2010/12/24 | 2010/12/24 to 2020/12/19 | 3.182 | 3.17 | 1,200,000 | - | - | 1,200,000 | 0.03% |
| | 2012/3/30 | 2012/3/30 to 2020/12/19 | 2.03 | 2.01 | 2,600,000 | - | - | 2,600,000 | 0.07% |
| Mr. Wong Man Chung, Francis 黃文宗先生 | 2010/12/24 | 2010/12/24 to 2020/12/19 | 3.182 | 3.17 | 2,300,000 | - | - | 2,300,000 | 0.07% |
| | 2012/3/30 | 2012/3/30 to 2020/12/19 | 2.03 | 2.01 | 2,300,000 | - | - | 2,300,000 | 0.07% |
| Mr. Wang Tianyi 王天義先生 | 2012/3/30 | 2012/3/30 to 2020/12/19 | 2.03 | 2.01 | 2,000,000 | - | - | 2,000,000 | 0.06% |

Other Information 其他資料

EQUITY-SETTLED SHARE OPTION SCHEME (continued)

以股權結算的購股權計劃(續)

| | Date of grant | Exercisable period | Exercise price | Closing price per Share immediately before the date of grant | No. of options outstanding at 1 January 2017 | No. of options granted during the six months ended 30 June 2017 | No. of options exercised/ cancelled/ lapsed during the six months ended 30 June 2017 | No. of options outstanding at 30 June 2017 | Approximate shareholding percentage of the underlying |
|-----------------|---------------|--------------------------------|-------------------|--|--|---|--|--|--|
| | | | | | | | | | Shares for the options in the share capital of the Company |
| | 授予日 | 可行使期間 | 行使價 HK\$ 港元 | 緊接 授予日前的 每股收市價 HK\$ 港元 | 於二零一七年 一月一日 未行使的 購股權數目 | 於截至 二零一七年 六月三十日止 六個月內 授予 的購股權數目 | 於截至 二零一七年 六月三十日 已行使/ 註銷/失效的 購股權數目 | 於二零一七年 六月三十日 未行使的 購股權數目 | 購股權相關 股份佔本公司 股本的股權 概約百分比 |
| Employees 僱員 | 2010/12/24 | 2010/12/24 to 2020/12/19 | 3.182 | 3.17 | 17,400,000 | - | - | 17,400,000 | 0.49% |
| Employees 僱員 | 2012/3/30 | 2012/3/30 to 2020/12/19 | 2.03 | 2.01 | 41,120,000 | - | (600,000) (Note 2) (附註2) | 40,520,000 | 1.15% |
| Total 合計 | | | | | 104,120,000 | - | (600,000) | 103,520,000 | 2.94% |

Note 2: During the six months ended 30 June 2017, 600,000 options were exercised.

附註2：於截至二零一七年六月三十日止六個月內，600,000份購股權已行使。

EQUITY-SETTLED SHARE OPTION SCHEME (continued)

Pursuant to the 2013 Share Option Scheme, the Company can issue options so that the total number of Shares that may be issued upon exercise of all options to be granted under the 2013 Share Option Scheme are 146,571,250 Shares, representing 4.16% of the issued share capital of the Company as at 30 June 2017. Eligible participants of the 2013 Share Option Scheme includes all Directors (whether Executive or Non-executive and whether independent or not) and any employees (whether full-time or part-time) of any company in the Group or any entity in which any member of the Group holds an equity interest (whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid) and any person considered by the Directors to have contributions to any company in the Group or any entity in which any member of the Group holds an equity interest. As at 30 June 2017, no options were granted under the 2013 Share Option Scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the six months ended 30 June 2017 were rights to acquire benefits by means of the acquisition of Shares or debentures of the Company or any other body corporate granted to any Director or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or were the Company or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the Company's Directors, their respective spouses or children under 18 years of age to acquire such rights in any other body corporate.

CONTRACTS OF SIGNIFICANCE

Saved as disclosed above and the transactions as disclosed in Note 30 to the condensed consolidated interim financial information, no controlling shareholder or any of its subsidiaries have any contract of significance with the Company or its subsidiaries during the six months ended 30 June 2017.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2017, the interests or short positions of every person, other than a Director or chief executive of the Company, in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO are as follows:

以股權結算的購股權計劃(續)

根據二零一三年購股權計劃，本公司可發行購股權，以使根據二零一三年購股權計劃將予授出的所有購股權獲行使時可予發行的股份總數為146,571,250股股份，相當於本公司於二零一七年六月三十日已發行股本的4.16%。二零一三年購股權計劃的合資格參與者包括本公司全體董事(無論是執行或非執行董事及無論是否獨立)、本集團任何公司或本集團任何成員公司擁有股權的任何實體的任何僱員(無論全職或兼職)(不論按僱傭或合約或榮譽或以其他方式及是否受薪)以及董事認為對本集團任何成員公司或本集團任何成員公司擁有股權的任何實體作出貢獻的任何人士。於二零一七年六月三十日，概無根據二零一三年購股權計劃授出購股權。

董事認購股份或債券的權利

除上文所披露外，於截至二零一七年六月三十日止六個月內任何時間，概無任何董事或彼等各自的配偶或未滿十八歲的子女獲授可透過購買本公司或任何其他法人團體股份或債券而獲益的權利，或行使任何該等權利；而本公司或其任何控股公司、同系附屬公司及附屬公司概無訂立任何安排，致使本公司董事、彼等各自的配偶或未滿十八歲的子女可自任何其他法人團體購入該等權利。

重大合約

除上文所披露及於簡明合併中期財務資料附註30所披露的交易外，控股股東或其任何附屬公司於截至二零一七年六月三十日止六個月內並無與本公司或任何附屬公司訂立任何重大合約。

主要股東

於二零一七年六月三十日，根據本公司按照證券及期貨條例第336條所存置的股東名冊所記錄，每名人士(本公司董事或主要行政人員除外)於本公司股份及相關股份擁有的權益或淡倉如下：

Other Information 其他資料

SUBSTANTIAL SHAREHOLDERS (continued)

| Name | Number of Shares held | Percentage of the Company's issued share capital 佔本公司已發行股本百分比 | Long/short position 好/淡倉 |
|--|-----------------------|--|-----------------------------|
| ArcelorMittal Holdings AG (Note 1) (附註1) ("AM Holdings AG") | 1,377,491,891 | 39.12% | Long (好) |
| Wellbeing Holdings | 1,191,535,124 | 33.84% | Long (好) |

Note:

- (1) At 30 June 2017, Mr. Lakshmi Niwas Mittal and Mrs. Usha Mittal beneficially own 37.38% of the issued share capital of ArcelorMittal which indirectly holds the entire equity interest in AM Holdings AG, which beneficially owns 1,377,491,891 Shares, representing approximately 39.12% of the issued share capital of the Company.

Saved as disclosed above and in Directors' Interests and Short Positions in Securities sections, at 30 June 2017, no person, other than a Director or chief executive of the Company, had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

主要股東 (續)

| Name | Number of Shares held | Percentage of the Company's issued share capital 佔本公司已發行股本百分比 | Long/short position 好/淡倉 |
|--|-----------------------|--|-----------------------------|
| ArcelorMittal Holdings AG (Note 1) (附註1) ("AM Holdings AG") | 1,377,491,891 | 39.12% | Long (好) |
| Wellbeing Holdings | 1,191,535,124 | 33.84% | Long (好) |

附註：

(1) 於二零一七年六月三十日，Lakshmi Niwas Mittal先生和Usha Mittal太太實益擁有ArcelorMittal已發行股本37.38%，而ArcelorMittal間接擁有AM Holdings AG全部股份權益，AM Holdings AG實益擁有1,377,491,891股的股份，佔本公司已發行股本的約39.12%權益。

除上文及董事於證券的權益及淡倉一節所披露外，於二零一七年六月三十日，根據本公司按照證券及期貨條例第336條所存置的股東名冊，概無人士（本公司董事或主要行政人員除外）於股份及相關股份擁有權益或淡倉。

購買、出售或贖回本公司上市證券

於截至二零一七年六月三十日止六個月內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the importance of good corporate governance practices and believes that it is essential to the development of the Group and to safeguard the interests of the equity holders. The Directors are of the opinion that the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the “CG Code”) in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2017, save for the following deviation:

Under Code Provision A.2.1 of the CG Code, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Currently, Mr. HAN Jingyuan serves as the Chairman of the Board and the Chief Executive Officer of the Company. The Board believes that there is no immediate need to segregate the roles of Chairman and the Chief Executive Officer of the Company because the role of chief executive officer/general manager of the Company’s major operating subsidiaries are performed by other persons. The Board will consider the segregation of the roles of the Chairman and the Chief Executive Officer of the Company in light of the future development of the operating activities or businesses of the Group.

Under code provision C.2.5 and the related notes of the CG Code, the Company should have an internal audit function which generally carries out the analysis and independent appraisal of the adequacy and effectiveness of the Group’s risk management and internal control systems. The Company’s internal audit function is merged with the finance function during the six months ended 30 June 2017. During the period, the Group conducted a review on the need for setting up an independent internal audit department. Taking into account the size and complexity of the operations of the Group, the Company considers that the existing organisation structure and the close supervision of the management could provide sufficient internal control and risk management for the Group. The audit committee of the Company (the “Audit Committee”) and the Board regularly review the effectiveness of the internal control systems and the risk management of the Group. The Board will review the need to set up an independent internal audit function on an annual basis.

遵守企業管治常規守則

本公司深知良好企業管治常規之重要性，相信企業管治常規對本集團發展至為關鍵，並可保障權益持有人之權益。董事認為，截至二零一七年六月三十日止六個月，本公司一直遵守上市規則附錄十四載列之企業管治常規守則（「企業管治守則」）所載之守則條文，惟以下偏離者除外：

根據企業管治守則之守則條文第A.2.1條，主席與首席執行官的角色應有區分，並不應由一人同時兼任。目前，韓敬遠先生擔任本公司之董事局主席和首席執行官。董事局相信無需立即分離本公司的董事局主席及首席執行官職務，因本公司主要及實際營運的附屬公司的首席執行官／總經理職務已由其他人士擔任。董事局將考慮分離本公司的董事局主席及首席執行官的職務以應付本集團未來的經營活動與業務發展。

根據企業管治守則之守則條文第C.2.5條及相關附註規定，本公司應設立內部審核功能，其普遍是對本集團的風險管理及內部監控系統是否足夠和有效作出分析及獨立評估。本公司於截至二零一七年六月三十日止六個月內的內部審核功能是與財務功能合併。於本期間內，本集團已作出成立獨立內部審核部門的需要之檢討。經計及本集團營運之規模及複雜程度，本公司認為現行組織架構及管理層緊密監察可為本集團提供足夠之內部監控及風險管理。本公司的審核委員會（「審核委員會」）及董事局定期檢討本集團內部監控系統及風險管理之成效。董事局將每年檢討是否需要設立獨立內部審核功能。

Other Information

其他資料

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. The Company has made specific enquiry of all Directors and all Directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2017.

AUDIT COMMITTEE

During the six months ended 30 June 2017, the Audit Committee comprised three Independent Non-executive Directors, namely Mr. WONG Man Chung, Francis as the chairman of the Audit Committee and Mr. WANG Tianyi and Mr. WANG Bing as the members of the Audit Committee.

The Audit Committee has reviewed the Group's condensed consolidated financial information for the six months ended 30 June 2017 and has also discussed the internal control, the accounting principles and practices adopted by the Group. The Audit Committee is of the opinion that the condensed consolidated financial information have been prepared in accordance with the applicable accounting standards, the Listing Rules and the statutory requirements and that adequate disclosures have been made in the interim report.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 7 September 2017 to Monday, 11 September 2017 (both days inclusive), during which period no transfer of shares of the Company may be registered, for the purposes of ascertaining shareholders' entitlement for the proposed interim dividend. The record date for the proposed interim dividend shall be Monday, 11 September 2017. In order to qualify for the proposed interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 6 September 2017.

遵守董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載的標準守則。作為其本身有關董事買賣本公司證券之守則。本公司已向全體董事作出特定查詢，而全體董事已確認彼等截至二零一七年六月三十日止六個月內一直遵守標準守則所載之所需標準。

審核委員會

於截至二零一七年六月三十日止六個月內，審核委員會包括三名獨立非執行董事，審核委員會主席為黃文宗先生以及審核委員會成員為王天義先生及王冰先生。

審核委員會已審閱本集團截至二零一七年六月三十日止六個月之簡明合併財務資料，並已討論本集團內部監控事宜及所採納之會計原則及慣例。審核委員會認為，有關簡明合併財務資料乃按適用會計準則、上市規則及法定規定編製，並已於中期報告內作出充足披露。

暫停辦理股份過戶登記

本公司將由二零一七年九月七日(星期四)至二零一七年九月十一日(星期一)止期間(首尾兩天包括在內)暫停辦理股份過戶登記手續，以釐定有權享有建議的中期股息之本公司股東身份。享有建議的中期股息之記錄日期為二零一七年九月十一日(星期一)。為確保有權收取建議的中期股息，所有股份過戶文件連同有關股票須於二零一七年九月六日(星期三)下午四時三十分前，送達本公司的香港股份過戶登記分處卓佳證券登記有限公司(地址為香港皇后大道東183號合和中心22樓)辦理股份過戶登記手續。

PUBLIC FLOAT

Trading in the shares of the Company had been suspended from 29 April 2014 due to insufficient public float. The public float was restored on 27 January 2017 through placing of new shares under general mandate by the Company and placing of existing shares by the controlling shareholder of the Company and trading was resumed on 1 February 2017. As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules and as agreed with the Stock Exchange, based on the information that is publicly available to the Company and within the knowledge of the directors of the Company.

APPRECIATION

The Board would like to take this opportunity to extend its deepest gratitude to its staff for their hard work and dedication to the Group, and to its Shareholders for their continuous trust and support in the Company.

By order of the Board

CHINA ORIENTAL GROUP COMPANY LIMITED

Han Jingyuan

Chairman and Chief Executive Officer

22 August 2017

公眾持股量

本公司之股份自二零一四年四月二十九日起因公眾持股量不足而暫停買賣，本公司已於二零一七年一月二十七日根據一般授權完成配售新股份及由本公司的控股股東配售現有股份以恢復公眾持股量，且於二零一七年二月一日已恢復買賣。公眾持股量基於公開予本公司查閱之資料及據董事所知悉，截至本報告日期為止，本公司一直維持上市規則所訂明並經與聯交所同意之公眾持股量。

感謝

董事局藉此機會衷心感謝本集團全體僱員的辛勤工作及對本集團的奉獻，並感謝股東對本公司的持續信任及支持。

承董事局命

中國東方集團控股有限公司

主席兼首席執行官

韓敬遠

二零一七年八月二十二日

Report on Review of Interim Financial Information

中期財務資料的審閱報告

TO THE BOARD OF DIRECTORS OF CHINA ORIENTAL GROUP COMPANY LIMITED

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 40 to 96, which comprises the interim condensed consolidated balance sheet of China Oriental Group Company Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2017 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

致中國東方集團控股有限公司董事局

(於百慕達註冊成立之有限公司)

引言

本核數師(以下簡稱「我們」)已審閱列載於第40至96頁的中期財務資料，此中期財務資料包括中國東方集團控股有限公司(「貴公司」)及其附屬公司(合稱「貴集團」)於二零一七年六月三十日的中期簡明合併資產負債表與截至該日止六個月期間的相關中期簡明合併綜合收益表、簡明合併權益變動表和簡明合併現金流量表，以及主要會計政策概要和其他附註解釋。《香港聯合交易所有限公司證券上市規則》規定，就中期財務資料編製的報告必須符合以上規則的有關條文以及香港會計師公會頒佈的香港會計準則第34號「中期財務報告」。貴公司董事須負責根據香港會計準則第34號「中期財務報告」編製及列報該等中期財務資料。我們的責任是根據我們的審閱對該等中期財務資料作出結論，並按照委聘之條款僅向整體董事局報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

Report on Review of Interim Financial Information (continued)

中期財務資料的審閱報告(續)

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 22 August 2017

審閱範圍

我們已根據香港會計師公會頒佈的香港審閱準則第2410號「由實體的獨立核數師執行中期財務資料審閱」進行審閱。審閱中期財務資料包括主要向負責財務和會計事務的人員作出查詢，及應用分析性和其他審閱程序。審閱的範圍遠較根據香港審計準則進行審核的範圍為小，故不能令我們可保證我們將知悉在審核中可能被發現的所有重大事項。因此，我們不會發表審核意見。

結論

按照我們的審閱，我們並無發現任何事項令我們相信中期財務資料在各重大方面未有根據香港會計準則第34號「中期財務報告」編製。

羅兵咸永道會計師事務所

執業會計師

香港，二零一七年八月二十二日

Interim Condensed Consolidated Balance Sheet

中期簡明合併資產負債表

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

| | | | Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 | Audited 經審核 31 December 2016 二零一六年 十二月三十一日 |
|---|-----------------------|-------|---|--|
| ASSETS | 資產 | | | |
| Non-current assets | 非流動資產 | | | |
| Leasehold land and land use rights | 租賃土地及土地使用權 | 8 | 190,233 | 193,123 |
| Property, plant and equipment | 物業、廠房及設備 | 8 | 7,997,250 | 8,038,406 |
| Investment properties | 投資物業 | 8 | 9,116 | 6,549 |
| Intangible assets | 無形資產 | 8 | 89,682 | 94,370 |
| Investment in associates | 於聯營公司之投資 | 9 | 145,670 | 55,632 |
| Available-for-sale financial assets | 可供出售金融資產 | 10 | 464,471 | 489,555 |
| Prepayments, deposits and other receivables | 預付款項、按金及其他應收賬款 | 14 | 13,000 | 13,000 |
| Deferred income tax assets | 遞延所得稅資產 | | 149,070 | 155,880 |
| Total non-current assets | 非流動資產合計 | | 9,058,492 | 9,046,515 |
| Current assets | 流動資產 | | | |
| Properties under development and held for sale | 發展中及持作出售物業 | 11 | 729,670 | 1,419,113 |
| Inventories | 存貨 | 12 | 2,605,161 | 3,334,350 |
| Trade receivables | 應收貿易賬款 | 13 | 562,537 | 482,813 |
| Prepayments, deposits and other receivables | 預付款項、按金及其他應收賬款 | 14 | 1,336,025 | 1,405,123 |
| Financial assets at fair value through profit or loss | 按公允價值計量且其變動計入損益表之金融資產 | | 307,135 | 387,458 |
| Amounts due from related parties | 應收關聯方款項 | 30(c) | 83,834 | 16,671 |
| Prepaid current income tax | 預付當期所得稅 | | 15,477 | 28,814 |
| Loan receivables | 應收貸款 | | 401,000 | 401,000 |
| Notes receivable – bank acceptance notes | 應收票據 – 銀行承兌匯票 | 15 | 3,533,941 | 2,339,669 |
| Derivative financial instruments | 衍生金融工具 | | 2,690 | 6,220 |
| Restricted bank balances | 受限制銀行結餘 | | 511,178 | 890,617 |
| Cash and cash equivalents | 現金及現金等價物 | | 1,692,328 | 1,290,199 |
| Total current assets | 流動資產合計 | | 11,780,976 | 12,002,047 |
| Total assets | 總資產 | | 20,839,468 | 21,048,562 |
| EQUITY | 權益 | | | |
| Equity attributable to owners of the Company | 歸屬於本公司權益持有者的權益 | | | |
| Share capital | 股本 | 16 | 364,006 | 311,853 |
| Share premium | 股份溢價 | 16 | 2,797,289 | 2,192,131 |
| Other reserves | 其他儲備 | 17 | 1,699,051 | 1,703,308 |
| Retained earnings | 留存收益 | | 6,463,095 | 5,048,806 |
| | | | 11,323,441 | 9,256,098 |
| Non-controlling interests | 非控制性權益 | | 158,766 | 108,443 |
| Total equity | 權益合計 | | 11,482,207 | 9,364,541 |

Interim Condensed Consolidated Balance Sheet (continued)

中期簡明合併資產負債表(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

| | | Note 附註 | Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 | Audited 經審核 31 December 2016 二零一六年 十二月三十一日 |
|--|----------------------|------------|---|--|
| LIABILITIES | 負債 | | | |
| Non-current liabilities | 非流動負債 | | | |
| Borrowings | 借款 | 20 | 239,500 | 246,500 |
| Other long-term payables | 其他長期應付賬款 | 21 | 360,875 | 615,194 |
| Deferred revenue | 遞延收入 | | 114,991 | 78,107 |
| Amounts due to a related party | 應付一名關聯方款項 | 30(c) | 51,859 | 51,859 |
| Deferred income tax liabilities | 遞延所得稅負債 | | 39,628 | 42,204 |
| Total non-current liabilities | 非流動負債合計 | | 806,853 | 1,033,864 |
| Current liabilities | 流動負債 | | | |
| Trade payables | 應付貿易賬款 | 18 | 2,980,475 | 5,425,323 |
| Accruals, advances and other current liabilities | 預提費用、預收款項及 其他流動負債 | 19 | 3,859,866 | 3,368,510 |
| Amounts due to related parties | 應付關聯方款項 | 30(c) | 31,149 | 27,266 |
| Current income tax liabilities | 當期所得稅負債 | | 436,748 | 122,918 |
| Derivative financial instruments | 衍生金融工具 | | 19,591 | 15,669 |
| Other long-term payables – current portion | 其他長期應付賬款 — 流動部份 | 21 | – | 551,392 |
| Borrowings | 借款 | 20 | 1,199,863 | 1,134,507 |
| Dividends payable | 應付股息 | | 22,716 | 4,572 |
| Total current liabilities | 流動負債合計 | | 8,550,408 | 10,650,157 |
| Total liabilities | 總負債 | | 9,357,261 | 11,684,021 |
| Total equity and liabilities | 權益及負債合計 | | 20,839,468 | 21,048,562 |

The notes on pages 47 to 96 form an integral part of this condensed consolidated interim financial information.

第47至96頁的附註為本簡明合併中期財務資料的整體部份。

Interim Condensed Consolidated Statement of Comprehensive Income

中期簡明合併綜合收益表

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

| | | Unaudited 未經審核 | |
|--|------------|---|---------------|
| | | Six months ended 30 June 截至六月三十日止六個月 | |
| | | 2017 二零一七年 | 2016 二零一六年 |
| | Note 附註 | | |
| Revenue | 6 | 20,240,501 | 11,451,165 |
| Cost of sales | | (17,401,603) | (10,075,932) |
| Gross profit | | 2,838,898 | 1,375,233 |
| Other income | | 7,907 | 1,879 |
| Distribution costs | | (60,037) | (58,664) |
| Administrative expenses | | (348,242) | (483,787) |
| Other expenses | | (24,689) | (11,797) |
| Other gains – net | 22 | 115,781 | 19,070 |
| Operating profit | 22 | 2,529,618 | 841,934 |
| Finance income | 23 | 48,975 | 48,138 |
| Finance costs | 23 | (53,347) | (85,351) |
| Share of results of associates | | 2,016 | (1,208) |
| Profit before income tax | | 2,527,262 | 803,513 |
| Income tax expense | 24 | (635,080) | (262,810) |
| Profit for the period | | 1,892,182 | 540,703 |
| Other comprehensive income: | | | |
| <i>Item that may be reclassified subsequently to profit or loss</i> | | | |
| Fair value (losses)/gains on available-for-sale financial assets | | (4,126) | 1,149 |
| Transfer of fair value gains previously credited to reserve to income statement upon disposal of available-for-sale financial assets | | (131) | – |
| Total comprehensive income for the period | | 1,887,925 | 541,852 |

Interim Condensed Consolidated Statement of Comprehensive Income (continued)

中期簡明合併綜合收益表(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

| | | Unaudited | |
|---|--|---------------------------------|--------------------------|
| | | 未經審核 | |
| | | Six months ended 30 June | |
| | | 截至六月三十日止六個月 | |
| Note | | 2017 | 2016 |
| 附註 | | 二零一七年 | 二零一六年 |
| Profit for the period attributable to: | 期內溢利歸屬於： | | |
| – owners of the Company | – 本公司權益持有者 | 1,872,710 | 528,469 |
| – non-controlling interests | – 非控制性權益 | 19,472 | 12,234 |
| | | 1,892,182 | 540,703 |
| Total comprehensive income attributable to: | 綜合收益總額歸屬於： | | |
| – owners of the Company | – 本公司權益持有者 | 1,868,453 | 529,618 |
| – non-controlling interests | – 非控制性權益 | 19,472 | 12,234 |
| | | 1,887,925 | 541,852 |
| Earnings per share for profit attributable to owners of the Company for the period (express in RMB per share) | 期內本公司權益持有者應佔溢利的每股收益 (每股人民幣元) | | |
| – basic | – 基本 | RMB 0.548 人民幣 0.548 元 | RMB 0.180 人民幣 0.180 元 |
| – diluted | – 稀釋 | RMB 0.548 人民幣 0.548 元 | RMB 0.180 人民幣 0.180 元 |

The notes on pages 47 to 96 form an integral part of this condensed consolidated interim financial information.

第47至96頁的附註為本簡明合併中期財務資料的整體部份。

Interim Condensed Consolidated Statement of Changes in Equity

中期簡明合併權益變動表

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

| | | Unaudited 未經審核 | | | | | | |
|--|---------------------------------|---|--------------------------|---------------------------|------------------------------|-------------------|---|-------------------------|
| | | Attributable to owners of the Company 本公司權益持有者應佔 | | | | | | |
| | Note 附註 | Share capital 股本 | Share premium 股份溢價 | Other reserves 其他儲備 | Retained earnings 留存收益 | Total 總計 | Non- controlling interest 非控制性權益 | Total equity 權益合計 |
| Balance at 1 January 2017 | 於二零一七年一月一日的結餘 | 311,853 | 2,192,131 | 1,703,308 | 5,048,806 | 9,256,098 | 108,443 | 9,364,541 |
| Comprehensive income | 綜合收益 | | | | | | | |
| Profit for the period | 期內溢利 | - | - | - | 1,872,710 | 1,872,710 | 19,472 | 1,892,182 |
| Other comprehensive income | 其他綜合收益 | | | | | | | |
| Fair value losses on available-for-sale financial assets | 可供出售金融資產的公允價值虧損 | 17 | - | - | (4,126) | (4,126) | - | (4,126) |
| Transfer of fair value gains previously credited to reserve to income statement upon disposal of available-for-sale financial assets | 於出售可供出售金融資產時將先前計入儲備的公允價值收益轉至收益表 | 17 | - | - | (131) | (131) | - | (131) |
| Total comprehensive income | 綜合收益合計 | - | - | (4,257) | 1,872,710 | 1,868,453 | 19,472 | 1,887,925 |
| Transactions with owners | 與權益持有者的交易 | | | | | | | |
| Capital injection by non-controlling interests | 非控制性權益注資 | - | - | - | - | - | 49,000 | 49,000 |
| Proceeds from shares issued | 發行股份所得款項 | 16 | 51,839 | 600,773 | - | 652,612 | - | 652,612 |
| Employees share option scheme – issuance of shares | 僱員購股權計劃 – 發行股份 | 16 | 314 | 4,385 | - | 4,699 | - | 4,699 |
| Dividend paid | 已付股息 | - | - | - | (458,421) | (458,421) | (18,149) | (476,570) |
| Total transactions with owners | 與權益持有者的交易總額 | 52,153 | 605,158 | - | (458,421) | 198,890 | 30,851 | 229,741 |
| Balance at 30 June 2017 | 於二零一七年六月三十日的結餘 | 364,006 | 2,797,289 | 1,699,051 | 6,463,095 | 11,323,441 | 158,766 | 11,482,207 |
| Balance at 1 January 2016 | 於二零一六年一月一日的結餘 | 311,853 | 2,192,131 | 1,670,302 | 4,340,142 | 8,514,428 | 397,734 | 8,912,162 |
| Comprehensive income | 綜合收益 | | | | | | | |
| Profit for the period | 期內溢利 | - | - | - | 528,469 | 528,469 | 12,234 | 540,703 |
| Other comprehensive income | 其他綜合收益 | | | | | | | |
| Fair value gains on available-for-sale financial assets | 可供出售金融資產的公允價值收益 | 17 | - | - | 1,149 | 1,149 | - | 1,149 |
| Total comprehensive income | 綜合收益合計 | - | - | 1,149 | 528,469 | 529,618 | 12,234 | 541,852 |
| Transactions with owners | 與權益持有者的交易 | | | | | | | |
| Changes in ownership interests in subsidiaries without change of control | 在不改變控制權的情況下變更於附屬公司的所有權權益 | 17 | - | - | 18,022 | 18,022 | (82,287) | (64,265) |
| Capital reduction of a subsidiary | 減少一間附屬公司資本 | - | - | - | - | - | (20,000) | (20,000) |
| Disposal of subsidiaries with loss of control | 出售附屬公司且失去控制權 | - | - | - | - | - | 4,111 | 4,111 |
| Total transactions with owners | 與權益持有者的交易總額 | - | - | 18,022 | - | 18,022 | (98,176) | (80,154) |
| Balance at 30 June 2016 | 於二零一六年六月三十日的結餘 | 311,853 | 2,192,131 | 1,689,473 | 4,868,611 | 9,062,068 | 311,792 | 9,373,860 |

The notes on pages 47 to 96 form an integral part of this condensed consolidated interim financial information

第47至96頁的附註為本簡明合併中期財務資料的整體部份。

Interim Condensed Consolidated Statement of Cash Flows

中期簡明合併現金流量表

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

| | | Unaudited 未經審核 | |
|--|--------------------------------|---|---------------|
| | | Six months ended 30 June 截至六月三十日止六個月 | |
| | | 2017 二零一七年 | 2016 二零一六年 |
| Cash flows from operating activities | 來自經營活動的現金流量 | Note 附註 | |
| Cash generated from operations | 產生自經營的現金 | | 1,309,075 |
| Interest received | 已收利息 | | 977,433 |
| Interest paid | 已付利息 | | 12,333 |
| Income tax paid | 已付所得稅 | | (37,341) |
| | | | (103,647) |
| | | | (300,982) |
| Net cash generated from operating activities | 經營活動產生的現金淨額 | | 983,085 |
| | | | 843,219 |
| Cash flows from investing activities | 來自投資活動的現金流量 | | |
| Purchase of property, plant and equipment | 購買物業、廠房及設備 | | (65,240) |
| Investment in an associate | 於一間聯營公司之投資 | | (88,022) |
| Interest income from loan receivables | 來自應收貸款的利息收入 | | 22,893 |
| Proceeds from disposal of available-for-sale financial assets | 出售可供出售金融資產的所得款項 | | 20,828 |
| Purchases of available-for-sale financial assets | 購買可供出售金融資產 | | - |
| Decrease/(Increase) in deposits of procurement of derivative financial instruments | 購買衍生金融工具按金減少/(增加) | | (97,448) |
| | | | 1,173 |
| Net inflows/(outflows) in financial assets at fair value through profit or loss | 按公允價值計量且其變動計入損益表之金融資產流入/(流出)淨額 | | (19,662) |
| | | | 96,958 |
| Loans granted to related parties | 授予關聯方貸款 | | (63,554) |
| Increase in long-term bank deposits | 長期銀行存款增加 | | - |
| Acquisition of a subsidiary, net of cash acquired | 收購一間附屬公司，扣除取得的現金 | | (235,978) |
| Other investing cash flow – net | 其他投資現金流量 – 淨額 | | - |
| | | | (203,089) |
| | | | (3,825) |
| Net cash used in investing activities | 投資活動所耗的現金淨額 | | (78,789) |
| | | | (629,493) |

Interim Condensed Consolidated Statement of Cash Flows (continued)

中期簡明合併現金流量表(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

| | | Unaudited 未經審核 | |
|--|-----------------------|---|---------------|
| | | Six months ended 30 June 截至六月三十日止六個月 | |
| | | 2017 二零一七年 | 2016 二零一六年 |
| Cash flows from financing activities | 來自融資活動的現金流量 | Note 附註 | |
| Proceeds from borrowings | 借款所得款項 | 20 | 1,769,192 |
| Repayment of borrowings | 償還借款 | 20 | (1,704,834) |
| Proceeds from issuance of ordinary shares | 發行普通股所得款項 | | 652,612 |
| Employee share option scheme – issuance of shares | 僱員購股權計劃－發行股份 | | 4,699 |
| Capital injection by non-controlling interests | 非控制性權益注資 | | 49,000 |
| Cash paid for sales and leaseback transaction | 售後回租交易已付現金 | | (799,592) |
| Dividends paid to company's shareholders | 支付公司股東股息 | | (458,421) |
| Decrease in restricted bank balances pledged as security for bank borrowings | 作為銀行借款擔保的抵押的受限制銀行結餘減少 | | - |
| Net cash used in financing activities | 融資活動所耗的現金淨額 | | (487,344) |
| Net increase/(decrease) in cash and cash equivalents | 現金及現金等價物增加/(減少)淨額 | | 416,952 |
| Effect of foreign exchange rate changes | 外幣匯率變動的影響 | | (14,823) |
| Cash and cash equivalents, beginning of period | 期初現金及現金等價物 | | 1,290,199 |
| Cash and cash equivalents, end of period | 期末現金及現金等價物 | | 1,692,328 |

The notes on pages 47 to 96 form an integral part of this condensed consolidated interim financial information.

第47至96頁的附註為本簡明合併中期財務資料的整體部份。

Notes to the Condensed Consolidated Interim Financial Information

簡明合併中期財務資料附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

1 GENERAL INFORMATION

China Oriental Group Company Limited (the “Company”) was incorporated in Bermuda on 3 November 2003 as an exempted company with limited liability under the Companies Act 1981 of Bermuda as a result of a group reorganisation. The address of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company’s shares have been listed on The Stock Exchange of Hong Kong Limited since 2 March 2004.

The Company together with its subsidiaries are hereinafter collectively referred to as the Group. The Group is principally engaged in the manufacture and sale of iron and steel products, trading of steel products and iron ore and real estate business. The Group has manufacturing plants in Hebei Province and Guangdong Province of the People’s Republic of China (the “PRC”) and sells mainly to customers located in the PRC. The Group also engages in real estate business in the PRC.

This condensed consolidated interim financial information was presented in RMB thousand, unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 22 August 2017.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

1 一般資料

中國東方集團控股有限公司(「本公司」)於二零零三年十一月三日經完成一項集團重組後根據百慕達一九八一年公司法在百慕達註冊成立為獲豁免有限責任公司。本公司的註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda。

本公司股份自二零零四年三月二日已在香港聯合交易所有限公司上市。

本公司及其附屬公司以下統稱為本集團。本集團主要從事製造及銷售鋼鐵產品、鋼鐵產品及鐵礦石貿易以及房地產業務。本集團在中華人民共和國(「中國」)河北省及廣東省設有生產廠房，並主要針對位於中國的客戶進行銷售。本集團亦於中國從事房地產業務。

除另有指明外，本簡明合併中期財務資料以人民幣千元呈列。本簡明合併中期財務資料於二零一七年八月二十二日已獲董事局批准刊發。

2 編製基準

本截至二零一七年六月三十日止六個月的簡明合併中期財務資料乃按照香港會計準則(「香港會計準則」)第34號「中期財務報告」編製。本簡明合併中期財務資料應與截至二零一六年十二月三十一日止年度的年度財務報表(乃按照香港財務報告準則(「香港財務報告準則」)編製)一併閱覽。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements except for the adoptions of amendments to HKFRSs effective for the financial year ending 31 December 2017.

(a) New and amended standards adopted by the Group

The following new standards, amendments to standards and interpretations are mandatory for the Group's financial year beginning 1 January 2017. The adoption of these new standards, amendments to standards and interpretations does not have significant impact to the results or financial position of the Group.

HKAS 7 (Amendment)
香港會計準則第7號(修訂)

Statement of cash flows
現金流量表

HKAS 12 (Amendment)
香港會計準則第12號(修訂)

Income taxes
所得稅

HKFRS 12 (Amendment)
香港財務報告準則第12號(修訂)

Disclosure of interest in other entities
於其他實體之權益的披露

**Effective for annual periods
beginning on or after**
於自下列日期或之後
開始的年度期間生效

1 January 2017
二零一七年一月一日

1 January 2017
二零一七年一月一日

1 January 2017
二零一七年一月一日

3 會計政策

所採納的會計政策乃與截至二零一六年十二月三十一日止年度的年度財務報表所採納的一致，除了採納自截至二零一七年十二月三十一日止財政年度生效的香港財務報告準則的修訂外，此等會計政策載述於該等年度財務報表。

(a) 本集團已採納的新訂及已修訂準則

以下新準則、對準則的修訂及詮釋於本集團自二零一七年一月一日開始之財政年度是強制性的。採納該等新準則、對準則的修訂及詮釋對本集團的業績或財務狀況沒有重大影響。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

3 ACCOUNTING POLICIES (continued)

(b) The following new standards and amendments to standards have been issued but are not yet effective for the financial year beginning 1 January 2017 and have not been early adopted:

3 會計政策(續)

(b) 以下為已頒佈但於自二零一七年一月一日起開始的財政年度尚未生效，且尚未提前採納的新準則及對準則的修訂：

| | | Effective for annual periods beginning on or after |
|---|---|---|
| | | 於自下列日期或之後 開始的年度期間生效 |
| HKFRS 1 (Amendment) 香港財務報告準則第1號(修訂) | First time adoption of HKFRS 首次採納香港財務報告準則 | 1 January 2018 二零一八年一月一日 |
| HKFRS 2 (Amendments) 香港財務報告準則第2號(修訂) | Share-based payment 股權形式的報酬 | 1 January 2018 二零一八年一月一日 |
| HKFRS 4 (Amendments) 香港財務報告準則第4號(修訂) | Insurance contracts 保險合同 | 1 January 2018 二零一八年一月一日 |
| HKFRS 9 (i) 香港財務報告準則第9號(i) | Financial instruments 金融工具 | 1 January 2018 二零一八年一月一日 |
| HKFRS 15 (ii) 香港財務報告準則第15號(ii) | Revenue from contracts with customers 與客戶之間的合約產生的收入 | 1 January 2018 二零一八年一月一日 |
| HK (IFRIC) 22 香港(國際財務報告詮釋委員會) 第22號 | Foreign currency transactions and advance consideration 外幣交易及預付代價 | 1 January 2018 二零一八年一月一日 |
| HKAS 28 (Amendment) 香港會計準則第28號(修訂) | Investments in associates and joint ventures 於聯營公司及合營企業之投資 | 1 January 2018 二零一八年一月一日 |
| HKFRS 16 (iii) 香港財務報告準則第16號(iii) | Leases 租賃 | 1 January 2019 二零一九年一月一日 |
| HK (IFRIC) 23 香港(國際財務報告詮釋委員會)第23號 | Putting some certainty into uncertain tax position 將一些確定性納入不確定的稅務狀況 | 1 January 2019 二零一九年一月一日 |
| HKFRS 10 and HKAS 28 (Amendments) 香港財務報告準則第10號及香港 會計準則第28號(修訂) | Sale or contribution of assets between an investor and its associate or joint venture 投資者與其聯營公司或合營企業之 間出售或注入資產 | To be determined 待定 |

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

3 ACCOUNTING POLICIES (continued)

- (b) The following new standards and amendments to standards have been issued but are not yet effective for the financial year beginning 1 January 2017 and have not been early adopted: (continued)

None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

(i) HKFRS 9 “Financial instruments”

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group has undertaken a preliminary assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale (“AFS”) financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income (“FVOCI”) and hence there will be no change to the accounting for these assets. A FVOCI election is available for the equity instruments which are currently classified as AFS under historical cost convention.

For the other financial assets held by the Group, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

3 會計政策(續)

- (b) 以下為已頒佈但於自二零一七年一月一日起開始的財政年度尚未生效，且尚未提前採納的新準則及對準則的修訂：(續)

此等新準則及對準則的修訂預期不會對本集團的合併財務報表造成重大影響，惟以下列載者除外：

(i) 香港財務報告準則第9號「金融工具」

此項新準則針對金融資產和金融負債的分類、計量和終止確認，並引進對沖會計的新規定和金融資產的新減值模型。

本集團已對金融資產的分類和計量進行初步評估，但目前被分類為可供出售(「可供出售」)金融資產的債務票據似乎符合條件，可分類為按公允價值計量且其變動計入其他綜合收益(「按公允價值計量且其變動計入其他綜合收益」)，因此該等資產的入賬並無改變。按公允價值計量且其變動計入其他綜合收益的選擇可供用於目前分類為以歷史成本計量的可供出售權益工具。

對於本集團持有的其他金融資產，本集團不預期新指引會對其金融資產的分類和計量有重大影響。

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

3 ACCOUNTING POLICIES (continued)

(b) The following new standards and amendments to standards have been issued but are not yet effective for the financial year beginning 1 January 2017 and have not been early adopted: (continued)

(i) HKFRS 9 “Financial instruments” (continued)

There will be no impact on the Group’s accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss which are not relevant to the Group. The derecognition rules have been transferred from HKAS 39 “Financial Instruments: Recognition and Measurement” and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group’s risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group does not have any eligible hedge instruments. Therefore, the Group does not expect any impact on the new hedge accounting.

3 會計政策(續)

(b) 以下為已頒佈但於自二零一七年一月一日起開始的財政年度尚未生效，且尚未提前採納的新準則及對準則的修訂：(續)

(i) 香港財務報告準則第9號「金融工具」(續)

由於新規定僅影響被指定為按公允價值計量且其變動計入損益表的金融負債的會計法，對本集團並無相關性，這將不會對本集團的金融負債的會計處理有任何影響。終止確認規則引自香港會計準則第39號「金融工具：確認及計量」且無變動。

新對沖會計規則將調整對沖工具的會計處理以更緊密配合本集團的風險管理實務。作為一般性原則，因為準則引入更多原則為本的方針，所以更多對沖關係可能符合對沖會計條件。本集團並無任何符合的對沖工具。因此，本集團預期新對沖會計不會有任何影響。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

3 ACCOUNTING POLICIES (continued)

(b) The following new standards and amendments to standards have been issued but are not yet effective for the financial year beginning 1 January 2017 and have not been early adopted: (continued)

(i) **HKFRS 9 “Financial instruments”** (continued)

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 “Revenue from Contracts with Customers”, lease receivables, loan commitments and certain financial guarantee contracts. The Group is still assessing the actual impact affected by the new model, it may result in an earlier recognition of credit losses for trade and other receivables. But according to the preliminary results, the financial impact is expected to be not significant.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group’s disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt HKFRS 9 before its mandatory date.

3 會計政策(續)

(b) 以下為已頒佈但於自二零一七年一月一日起開始的財政年度尚未生效，且尚未提前採納的新準則及對準則的修訂：(續)

(i) **香港財務報告準則第9號「金融工具」**(續)

新減值模型要求按預期信貸損失確認減值撥備，而非僅發生的信貸損失(根據香港會計準則第39號)。其適用於按攤銷成本分類的金融資產、按公允價值計量且其變動計入其他綜合收益的債務工具、香港財務報告準則第15號「與客戶之間的合約產生的收入」下的合同資產、應收租賃款、貸款承擔和若干財務擔保合同。本集團仍在評估新模型的實際影響，其可能導致貿易及其他應收賬款較早確認信用損失。但根據初步結果，預期財務影響並不重大。

新準則亦引進增加了披露規定和呈列的改變。預期將改變本集團有關其金融工具的披露性質和範圍，尤其是在新準則採納的年度內。

香港財務報告準則第9號必須在二零一八年一月一日或之後開始的財政年度起應用。根據香港財務報告準則第9號的過渡性條款，只容許就二零一五年二月一日前開始的年度報告期分階段提早採納。在該日後，新規則必須全數採納。本集團不打算在強制性日期前採納香港財務報告準則第9號。

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

3 ACCOUNTING POLICIES (continued)

- (b) The following new standards and amendments to standards have been issued but are not yet effective for the financial year beginning 1 January 2017 and have not been early adopted: (continued)

(ii) HKFRS 15 “Revenue from contracts with customers”

HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach. HKFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. HKFRS 15 replaces the previous revenue standards: HKAS 18 “Revenue” and HKAS 11 “Construction Contracts” and the related Interpretations on revenue recognition: HK (IFRIC) 13 “Customer Loyalty Programmes”, HK (IFRIC) 15 “Agreements for the Construction of Real Estate”, HK (IFRIC) 18 “Transfers of Assets from Customers” and HK (SIC)-31 “Revenue—Barter Transactions Involving Advertising Services”. HKFRS 15 is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018.

3 會計政策(續)

- (b) 以下為已頒佈但於自二零一七年一月一日起開始的財政年度尚未生效，且尚未提前採納的新準則及對準則的修訂：(續)

(ii) 香港財務報告準則第15號「與客戶之間的合約產生的收入」

香港財務報告準則第15號確立了一個綜合框架，用於確定何時確認收入以及通過五步驟方式確認多少收入。香港財務報告準則第15號對合約成本資本化及執照安排提供具體指引。其還包括對實體與客戶的合同產生的收入和現金流的性質、金額、時間和不確定性的一致性披露要求。核心原則是，一家公司應該確認收入以描述轉移給客戶承諾的貨物或服務，其金額反映了公司期望有權收取交換這些貨物或服務的代價。香港財務報告準則第15號取代以前的收入準則：香港會計準則第18號「收入」及香港會計準則第11號「工程合約」及有關收入確認的解釋：香港（國際財務報告詮釋委員會）第13號「客戶忠誠計劃」、香港（國際財務報告詮釋委員會）第15號「房地產建設協議」、香港（國際財務報告詮釋委員會）第18號「客戶資產轉讓」及香港（常設詮釋委員會）第31號「收入—涉及廣告服務的交換交易」。香港財務報告準則第15號自二零一八年一月一日或之後開始的年度報告期內的首個中期期間生效。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

3 ACCOUNTING POLICIES (continued)

- (b) The following new standards and amendments to standards have been issued but are not yet effective for the financial year beginning 1 January 2017 and have not been early adopted: (continued)

(ii) HKFRS 15 “Revenue from contracts with customers” (continued)

Management is currently assessing the effects of applying the new standard on the Group’s financial statements and has identified the revenue from sales of services and revenue from sales of properties that are likely to be affected.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

(iii) HKFRS 16 “Leases”

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

3 會計政策(續)

- (b) 以下為已頒佈但於自二零一七年一月一日起開始的財政年度尚未生效，且尚未提前採納的新準則及對準則的修訂：(續)

(ii) 香港財務報告準則第15號「與客戶之間的合約產生的收入」(續)

管理層現評估應用新準則對本集團財務報表的影響，並已確定服務收入及出售房地產收入之處理很可能受到影響。

香港財務報告準則第15號強制性於二零一八年一月一日或之後開始的財政年度採納。目前，本集團預計不會在生效日期前採納此準則。

(iii) 香港財務報告準則第16號「租賃」

香港財務報告準則第16號已於二零一六年一月頒佈，此將導致差不多所有租賃在資產負債表內確認，因經營租賃與融資租賃的劃分已被刪除。根據該新準則，資產(該租賃項目的使用權)與支付租金的金融負債被確認。唯一例外者為短期和低價值租賃。

對出租人的會計處理將不會有重大改變。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

3 ACCOUNTING POLICIES (continued)

- (b) The following new standards and amendments to standards have been issued but are not yet effective for the financial year beginning 1 January 2017 and have not been early adopted: (continued)

(iii) HKFRS 16 “Leases” (continued)

The standard will affect primarily the accounting for Group’s operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group’s profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

3 會計政策(續)

- (b) 以下為已頒佈但於自二零一七年一月一日起開始的財政年度尚未生效，且尚未提前採納的新準則及對準則的修訂：(續)

(iii) 香港財務報告準則第16號「租賃」(續)

此準則將主要影響本集團經營租賃的會計處理。於報告日，本集團有不可取消的經營租賃承擔。然而，本集團仍未釐定該等承擔將導致資產和負債就未來付款確認的程度，以及將如何影響本集團的利潤和現金流量分類。

若干承擔或會由短期和低價值租賃的豁免所涵蓋，同時根據香港財務報告準則第16號，部份承擔可能不符合租賃的定義。

此新準則強制性於二零一九年一月一日或之後開始的年度報告期內的首個中期期間採納。目前，本集團預計不會在生效日期前採納此準則。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

4 ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

There have been no material changes in the risk management department or in any risk management policies since year end.

4 估計

簡明合併中期財務資料的編製需要管理層就對會計政策運用、資產及負債、收入及支出的呈報金額有影響的事宜作出判斷、估計及假設。實際業績可能有別於此等估計。

編製本簡明合併中期財務資料時，由管理層對本集團在會計政策的應用及主要不明確數據的估計所作出的重要判斷與截至二零一六年十二月三十一日止年度的合併財務報表所作出的相同。

5 財務風險管理

5.1 財務風險因素

本集團業務面臨多種財務風險：市場風險(包括貨幣風險、公允價值利率風險、現金流量利率風險及價格風險)、信貸風險及流動資金風險。

簡明合併中期財務資料並不包括於年度財務報表內的所有財務風險管理資料及須予披露的規定，並應與本集團截至二零一六年十二月三十一日的年度財務報表一併閱讀。

自年終以來，風險管理部門或任何風險管理政策均無重大變動。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

5 FINANCIAL RISK MANAGEMENT (continued)

5.2 Liquidity risk

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

5 財務風險管理(續)

5.2 流動資金風險

下表按結算日至合約到期日的剩餘期限參照相關期限分別對本集團金融負債進行分析。表中披露的金額是約定的未貼現現金流量。

| At 30 June 2017 | 於二零一七年六月三十日 | Less than 1 year 1年內 | Between 1 and 2 years 1至2年 | Between 2 and 5 years 2至5年 | Over 5 years 5年以上 | Total 合計 |
|--|-----------------|----------------------------|----------------------------------|----------------------------------|-------------------------|------------------|
| Borrowings | 借款 | 1,199,863 | 139,500 | 100,000 | - | 1,439,363 |
| Interests payable on borrowings | 借款應付利息 | 15,190 | 6,626 | 4,685 | - | 26,501 |
| Trade payables | 應付貿易賬款 | 2,820,709 | 159,766 | - | - | 2,980,475 |
| Other payables | 其他應付賬款 | 576,455 | - | - | - | 576,455 |
| Amounts due to related parties | 應付關聯方款項 | 31,149 | - | - | 51,859 | 83,008 |
| Finance lease liabilities | 融資租賃負債 | - | 353,618 | - | - | 353,618 |
| Interest payments on finance lease liabilities | 融資租賃負債的利息付款 | 22,337 | 9,580 | - | - | 31,917 |
| Derivative financial instruments | 衍生金融工具 | 19,591 | - | - | - | 19,591 |
| Guarantee for bank borrowings of a third party | 為一名第三方的銀行借款出具擔保 | 10,960 | - | - | - | 10,960 |
| | | 4,696,254 | 669,090 | 104,685 | 51,859 | 5,521,888 |
| | | Less than 1 year 1年內 | Between 1 and 2 years 1至2年 | Between 2 and 5 years 2至5年 | Over 5 years 5年以上 | Total 合計 |
| At 31 December 2016 | 於二零一六年十二月三十一日 | 1,134,507 | - | 246,500 | - | 1,381,007 |
| Borrowings | 借款 | 43,687 | 11,709 | 11,548 | - | 66,944 |
| Interests payable on borrowings | 借款應付利息 | 5,425,323 | - | - | - | 5,425,323 |
| Trade payables | 應付貿易賬款 | 479,273 | - | - | - | 479,273 |
| Other payables | 其他應付賬款 | 27,266 | - | - | 51,859 | 79,125 |
| Amounts due to related parties | 應付關聯方款項 | 551,392 | 603,761 | - | - | 1,155,153 |
| Finance lease liabilities | 融資租賃負債 | 40,563 | 34,301 | - | - | 74,864 |
| Interest payments on finance lease liabilities | 融資租賃負債的利息付款 | 15,669 | - | - | - | 15,669 |
| Derivative financial instruments | 衍生金融工具 | 10,960 | - | - | - | 10,960 |
| Guarantee for bank borrowings of a third party | 為一名第三方的銀行借款出具擔保 | 7,728,640 | 649,771 | 258,048 | 51,859 | 8,688,318 |
| | | 7,728,640 | 649,771 | 258,048 | 51,859 | 8,688,318 |

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

5 FINANCIAL RISK MANAGEMENT (continued)

5 財務風險管理(續)

5.3 Fair value estimation (continued)

5.3 公允價值估計(續)

| | | Level 1 第一級 | Level 2 第二級 | Level 3 第三級 | Total 總計 |
|---|-----------------------|----------------|----------------|----------------|-------------|
| At 31 December 2016 | 於二零一六年十二月三十一日 | | | | |
| Assets | 資產 | | | | |
| Financial assets at fair value through profit or loss | 按公允價值計量且其變動計入損益表之金融資產 | | | | |
| - Money market funds | - 貨幣市場基金 | 214,658 | - | - | 214,658 |
| - Financial investment products | - 金融投資產品 | - | - | 172,800 | 172,800 |
| Available-for-sale financial assets | 可供出售金融資產 | | | | |
| - Debt securities (Note 10) | - 債務證券(附註10) | 149,950 | - | - | 149,950 |
| Derivative financial instruments | 衍生金融工具 | | | | |
| - Trading derivatives | - 買賣衍生工具 | - | 6,220 | - | 6,220 |
| | | 364,608 | 6,220 | 172,800 | 543,628 |
| Liabilities | 負債 | | | | |
| Derivative financial instruments | 衍生金融工具 | | | | |
| - Trading derivatives | - 買賣衍生工具 | 12,995 | 2,674 | - | 15,669 |

During the six months ended 30 June 2017 and 2016, there were no transfers among levels of the fair value hierarchy used in measuring the fair value of financial instruments, and also no changes in the classification of financial assets as a result of a change in the purpose or use of those assets.

截至二零一七年及二零一六年六月三十日止六個月內，金融工具公允價值計量所使用公允價值層級間未有作出轉撥，且概無因變更該等資產目的或用途而改變金融資產的分類。

5.3.1 Fair value measurements using quoted prices (Level 1)

The Group's debt securities investments, classified as level 1 financial assets, are investments in debentures with fixed interest ranging from 3.250% to 8.125% and maturity date between November 2018 and June 2021. The fair values are determined based on the quoted market prices at the balance sheet date (Note 10).

5.3.1 採用報價計量公允價值(第一級)

本集團的債務證券投資(分類為第一級金融資產)乃按介乎3.250%至8.125%的固定利率計息及到期日介乎二零一八年十一月至二零二一年六月的債權證之投資。公允價值乃按結算日所報市價釐定(附註10)。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

5 FINANCIAL RISK MANAGEMENT (continued)

5.3 Fair value estimation (continued)

5.3.1 Fair value measurements using quoted prices (Level 1) (continued)

The Group's derivative financial instruments, classified as level 1 financial assets, are the metal futures and iron ore swap contracts entered into by the Group and certain financial institutions. The fair values are determined based on the prices on the Shanghai Futures Exchange and the Singapore Futures Exchange at the balance sheet date.

The Group's derivative financial instruments, classified as level 1 financial liabilities, are the coke, iron ore and rebar futures contracts entered into by the Group and certain financial institutions. The fair values of the futures are determined based on the prices on the Shanghai Futures Exchange at the balance sheet date.

5.3.2 Valuation techniques used to derive fair values (Level 2)

The Group's derivative financial instruments, classified as level 2 financial liabilities, are the foreign currency forward contracts entered into by the Group and certain financial institutions. The fair values are determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

The foreign exchange forward contracts as at 30 June 2017 comprised contracts with notional principal amounts totaling USD36 million (equivalent to approximately RMB245 million).

5 財務風險管理(續)

5.3 公允價值估計(續)

5.3.1 採用報價計量公允價值(第一級)(續)

本集團衍生金融工具(分類為第一級金融資產)乃本集團與若干金融機構訂立的金屬期貨及鐵礦石掉期合約。公允價值乃按結算日上海期貨交易所及新加坡期貨交易所的價格釐定。

本集團衍生金融工具(分類為第一級金融負債)乃本集團與若干金融機構訂立的焦炭、鐵礦石及螺紋鋼期貨合約。期貨公允價值乃按結算日上海期貨交易所的價格釐定。

5.3.2 用於計算公允價值之估值技巧(第二級)

本集團衍生金融工具(分類為第二級金融負債)為本集團與若干金融機構訂立之外幣遠期合約。於結算日之遠期匯率用於考慮外匯遠期合約之公允價值，產生之價值貼現回現值。

於二零一七年六月三十日，外幣遠期合約包括名義本金總額3,600萬美元(約等於人民幣2.45億元)之合約。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

5 FINANCIAL RISK MANAGEMENT (continued)

5.3 Fair value estimation (continued)

5.3.3 Fair value measurements using significant unobservable inputs (Level 3)

The Group's financial investment products, classified as level 3 financial assets are issued by fund companies and banks. Buyers of these products entrust them to make investment mainly in money market or bond market. Principals and returns of such products are not guaranteed. These products cannot be traded but can only be redeemed from the issuing institutions. The fair values are determined using discounted cash flow model, the main inputs are the expected yield rates which are an unobservable data.

Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

| | Fair value at 30 June 2017 於二零一七年 六月三十日 之公允價值 | Valuation Technique 估值技巧 | Unobservable input 不可觀察 輸入數據 | Range (weighted average) 範圍 (加權平均) |
|---|---|--------------------------------|---------------------------------------|--|
| Financial investment product invested both in money market and bond market 投資於貨幣市場及債券市場之金融投資產品 | 307,135 | Discounted cash flow 貼現現金流 | Expected yield rate 預期 收益率 | 0%-6.8% (3.4%) |

5 財務風險管理(續)

5.3 公允價值估計(續)

5.3.3 使用重大不可觀察輸入數據之公允價值計量(第三級)

本集團金融投資產品(分類為第三級金融資產)由基金公司及銀行發行。該等產品之買方委託銀行主要於貨幣市場或債券市場進行投資。該等產品的本金及回報不受擔保。該等產品不可交易，但僅可於發行機構贖回。公允價值乃使用貼現現金流量模式釐定，主要輸入數據為預期回報率(不可觀察數據)。

公允價值計量採用的主要不可觀察輸入數據(第三級)之定量資料

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

6 SALES

The Group is principally engaged in the manufacture and sale of iron and steel products, trading of steel products and iron ore and real estate business. Sales recognised for the six months ended 30 June 2017 and 2016 were as follows:

Sales:

- Strips and strip products
- H-section steel products
- Rebar
- Billets
- Iron ore
- Real estate
- Sheet piling
- Cold rolled sheets and galvanised sheets
- Others

銷售額：

- 帶鋼及帶鋼類產品
- H型鋼產品
- 螺紋鋼
- 鋼坯
- 鐵礦石
- 房地產
- 鋼板樁
- 冷軋板及鍍鋅板
- 其他

6 銷售額

本集團主要從事製造及銷售鋼鐵產品、鋼鐵產品及鐵礦石貿易以及房地產業務。截至二零一七年及二零一六年六月三十日止六個月已確認的銷售額如下：

Six months ended 30 June

截至六月三十日止六個月

| 2017 二零一七年 Unaudited 未經審核 | 2016 二零一六年 Unaudited 未經審核 |
|------------------------------------|------------------------------------|
| 6,177,850 | 3,859,121 |
| 4,869,667 | 2,989,822 |
| 3,102,441 | 1,734,498 |
| 2,034,032 | 1,025,294 |
| 1,209,975 | 836,462 |
| 901,437 | 57,745 |
| 820,060 | 262,326 |
| 650,025 | 347,942 |
| 475,014 | 337,955 |
| 20,240,501 | 11,451,165 |

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

7 SEGMENT INFORMATION

The chief decision-maker has been identified as the management committee, which comprises all executive directors and top management. The chief decision-maker reviews the Group's internal reporting in order to assess performance and allocate resources.

Based on these reports, the chief decision-maker considers the business from a business perspective. From a business perspective, the chief decision-maker assesses the performance of the iron and steel and the real estate segments.

- (i) Iron and steel – Manufacture and sale of iron and steel products, and trading of steel products and iron ore; and
- (ii) Real estate – Development and sale of properties.

The chief decision-maker assesses the performance of the operating segments based on a measure of revenue and operating profit. This measurement is consistent with that in the consolidated financial statements for the year ended 31 December 2016.

7 分部資料

首席決策人已獲確認為包括所有執行董事及最高管理層的管理委員會，首席決策人審閱本集團的內部報告以作評估業績表現及分配資源。

根據該等報告，首席決策人從商業角度考慮業務。從商業角度，首席決策人評估鋼鐵及房地產分部的表現。

- (i) 鋼鐵 – 製造及銷售鋼鐵產品、鋼鐵產品及鐵礦石貿易；及
- (ii) 房地產 – 開發及銷售物業。

首席決策人根據計量收入及經營溢利評估經營分部表現。該計量與截至二零一六年十二月三十一日止年度合併財務報表一致。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

7 SEGMENT INFORMATION (continued)

The segment information provided to the chief decision-maker for the reportable segments for the period was as follows:

7 分部資料(續)

於期內報告分部提供予首席決策人的分部資料呈列如下：

| | |
|-----------------------------------|--------------|
| Revenue | 收入 |
| Segment results: | 分部業績： |
| Operating profit | 經營溢利 |
| Finance (costs)/income – net | 財務(成本)/收入－淨額 |
| Share of results of associates | 應佔聯營公司業績 |
| Profit before income tax | 除所得稅前溢利 |
| Income tax expense | 所得稅費用 |
| Profit for the period | 期內溢利 |
| Other profit or loss items | 其他損益項目 |
| Depreciation and amortisation | 折舊及攤銷 |
| Capital expenditure | 資本開支 |

| Six months ended 30 June 2017 截至二零一七年六月三十日止六個月 | | |
|---|--------------------|-------------|
| Iron and steel 鋼鐵 | Real estate 房地產 | Total 總計 |
| Unaudited 未經審核 | | |
| 19,339,064 | 901,437 | 20,240,501 |
| 2,417,425 | 112,193 | 2,529,618 |
| (4,498) | 126 | (4,372) |
| | | 2,016 |
| | | 2,527,262 |
| | | (635,080) |
| | | 1,892,182 |
| 559,966 | 788 | 560,754 |
| 518,786 | 19 | 518,805 |

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

7 SEGMENT INFORMATION (continued)

7 分部資料(續)

| | | Six months ended 30 June 2016 截至二零一六年六月三十日止六個月 | | |
|-----------------------------------|--------------|---|--------------------|-------------|
| | | Iron and steel 鋼鐵 | Real estate 房地產 | Total 總計 |
| | | Unaudited 未經審核 | | |
| Revenue | 收入 | 11,393,420 | 57,745 | 11,451,165 |
| Segment results: | 分部業績： | | | |
| Operating profit/(loss) | 經營溢利/(虧損) | 855,503 | (13,569) | 841,934 |
| Finance (costs)/income – net | 財務(成本)/收入－淨額 | (37,421) | 208 | (37,213) |
| Share of results of associates | 應佔聯營公司業績 | | | (1,208) |
| Profit before income tax | 除所得稅前溢利 | | | 803,513 |
| Income tax expense | 所得稅費用 | | | (262,810) |
| Profit for the period | 期內溢利 | | | 540,703 |
| Other profit or loss items | 其他損益項目 | | | |
| Depreciation and amortisation | 折舊及攤銷 | 544,178 | 893 | 545,071 |
| Capital expenditure | 資本開支 | 359,585 | 9 | 359,594 |

Segment assets are those operating assets that are employed by a segment in its operating activities. Segment assets are determined after deducting related allowance that is reported as direct offsets in the balance sheet. Segment assets consist primarily of leasehold land and land use rights, property, plant and equipment, investment properties, intangible assets, properties under development and held for sale, inventories, trade receivables, prepayments, deposits and other receivables, amounts due from related parties, notes receivable, restricted bank balances and cash and cash equivalents.

Segment liabilities are those operating liabilities that result from the operating activities of a segment. Segment liabilities consist primarily of other long-term payables, deferred revenue, amounts due to related parties, trade payables and accruals, advances and other current liabilities.

分部資產乃分部用於其經營活動的經營資產。分部資產是扣除資產負債表中直接抵銷呈報的相關津貼後釐定。分部資產主要包括租賃土地及土地使用權、物業、廠房及設備、投資物業、無形資產、發展中及持作出售物業、存貨、應收貿易賬款、預付款項、按金及其他應收賬款、應收關聯方款項、應收票據、受限制銀行結餘及現金及現金等價物。

分部負債乃分部的經營活動所導致的經營負債。分部負債主要包括其他長期應付賬款、遞延收入、應付關聯方款項、應付貿易賬款及預提費用、預收款項及其他流動負債。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

7 SEGMENT INFORMATION (continued)

The segment assets and liabilities as at 30 June 2017 were as follows:

7 分部資料(續)

於二零一七年六月三十日的分部資產及負債如下：

| | | Iron and steel 鋼鐵 | Real estate 房地產 | Elimination 抵銷 | Total 總計 |
|---|-----------------------|----------------------|--------------------|-------------------|-------------------|
| | | Unaudited 未經審核 | | | |
| Segment assets | 分部資產 | 18,439,463 | 1,119,906 | (205,414) | 19,353,955 |
| Segment assets for reportable segments | 報告分部的分部資產 | | | | 19,353,955 |
| Unallocated: | 未分配： | | | | |
| Investment in associates | 於聯營公司之投資 | | | | 145,670 |
| Deferred income tax assets | 遞延所得稅資產 | | | | 149,070 |
| Available-for-sale financial assets | 可供出售金融資產 | | | | 464,471 |
| Financial assets at fair value through profit or loss | 按公允價值計量且其變動計入損益表之金融資產 | | | | 307,135 |
| Derivative financial instruments | 衍生金融工具 | | | | 2,690 |
| Loan receivables | 應收貸款 | | | | 401,000 |
| Prepaid current income tax | 預付當期所得稅 | | | | 15,477 |
| Total assets per balance sheet | 資產負債表內的總資產 | | | | 20,839,468 |
| | | 6,777,137 | 827,492 | (205,414) | 7,399,215 |
| Segment liabilities | 分部負債 | | | | |
| Segment liabilities for reportable segments | 報告分部的分部負債 | | | | 7,399,215 |
| Unallocated: | 未分配： | | | | |
| Current income tax liabilities | 當期所得稅負債 | | | | 436,748 |
| Current borrowings | 流動借款 | | | | 1,199,863 |
| Non-current borrowings | 非流動借款 | | | | 239,500 |
| Derivative financial instruments | 衍生金融工具 | | | | 19,591 |
| Dividends payable | 應付股息 | | | | 22,716 |
| Deferred income tax liabilities | 遞延所得稅負債 | | | | 39,628 |
| Total liabilities per balance sheet | 資產負債表內的總負債 | | | | 9,357,261 |

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

7 SEGMENT INFORMATION (continued)

The segment assets and liabilities as at 31 December 2016 were as follows:

7 分部資料(續)

於二零一六年十二月三十一日的分部資產及負債如下：

| | | Iron and steel 鋼鐵 | Real estate 房地產 | Elimination 抵銷 | Total 總計 |
|---|-----------------------|----------------------|--------------------|-------------------|-------------|
| | | Audited 經審核 | | | |
| Segment assets | 分部資產 | 17,885,863 | 1,811,238 | (173,098) | 19,524,003 |
| Segment assets for reportable segments | 報告分部的分部資產 | | | | 19,524,003 |
| Unallocated: | 未分配： | | | | |
| Investment in associates | 於聯營公司之投資 | | | | 55,632 |
| Deferred income tax assets | 遞延所得稅資產 | | | | 155,880 |
| Available-for-sale financial assets | 可供出售金融資產 | | | | 489,555 |
| Derivative financial instruments | 衍生金融工具 | | | | 6,220 |
| Financial assets at fair value through profit or loss | 按公允價值計量且其變動計入損益表之金融資產 | | | | 387,458 |
| Loan receivables | 應收貸款 | | | | 401,000 |
| Prepaid current income tax | 預付當期所得稅 | | | | 28,814 |
| Total assets per balance sheet | 資產負債表內的總資產 | | | | 21,048,562 |
| | | Iron and steel 鋼鐵 | Real estate 房地產 | Elimination 抵銷 | Total 總計 |
| | | Audited 經審核 | | | |
| Segment liabilities | 分部負債 | 8,974,275 | 1,316,474 | (173,098) | 10,117,651 |
| Segment liabilities for reportable segments | 報告分部的分部負債 | | | | 10,117,651 |
| Unallocated: | 未分配： | | | | |
| Current income tax liabilities | 當期所得稅負債 | | | | 122,918 |
| Current borrowings | 流動借款 | | | | 1,134,507 |
| Non-current borrowings | 非流動借款 | | | | 246,500 |
| Derivative financial instruments | 衍生金融工具 | | | | 15,669 |
| Dividends payable | 應付股息 | | | | 4,572 |
| Deferred income tax liabilities | 遞延所得稅負債 | | | | 42,204 |
| Total liabilities per balance sheet | 資產負債表內的總負債 | | | | 11,684,021 |

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

9 INVESTMENT IN ASSOCIATES

9 於聯營公司之投資

| | | Six months ended 30 June 2017 截至 二零一七年 六月三十日 止六個月 Unaudited 未經審核 |
|--------------------------------|----------------|--|
| Beginning of the period | 期初 | 55,632 |
| Investment in an associate (i) | 於一間聯營公司之投資 (i) | 88,022 |
| Share of results of associates | 應佔聯營公司業績 | 2,016 |
| End of the period | 期末 | 145,670 |

(i) Pursuant to a collaboration agreement between China Oriental Investment Pty Ltd. ("COI"), a subsidiary of the Group, and the then shareholder of 2-14 Elise Street Trust ("Elise Trust"), COI agreed to inject capital contribution of Australian Dollar 16.9 million (equivalent to RMB88 million) to acquire 49% of equity interest of Elise Trust.

(i) 根據本集團附屬公司China Oriental Investment Pty Ltd. (「COI」) 與 2-14 Elise Street Trust (「Elise Trust」) 當時股東之間的合作協議，COI 同意注資 1,690 萬澳元 (相等於人民幣 8,800 萬元) 以收購 Elise Trust 49% 股權。

The Group's share of the results in associates and aggregated assets and liabilities are shown below:

本集團應佔聯營公司業績及總資產及負債列示如下：

| | | 30 June 2017 二零一七年六月三十日 Unaudited 未經審核 | | | |
|------------------------|-----------|--|--|--|-------------|
| | | Beijing Wofu | | | |
| | | Palma Ceia SemiDesign Inc. ("PCS") Palma Ceia SemiDesign Inc. ("PCS") | XTAL Inc. ("XTAL") XATL Inc. ("XATL") | Energy Co. Ltd. ("Wofu") 北京沃富能源 有限公司 ("沃富") | Elise Trust |
| Assets | 資產 | 20,752 | 36,133 | 58,683 | 333,684 |
| Liabilities | 負債 | 8,899 | 14,440 | 2 | 169,008 |
| Revenues | 收入 | 37,432 | 28,982 | - | - |
| Share of profit/(loss) | 應佔溢利/(虧損) | 7,419 | (1,413) | (2,264) | (1,726) |
| Percentage held | 持有百分比 | 30% | 32.13% | 20% | 49% |

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

10 AVAILABLE-FOR-SALE FINANCIAL ASSETS

10 可供出售金融資產

| | | 30 June 2017 二零一七年 六月三十日 Unaudited 未經審核 | 31 December 2016 二零一六年 十二月三十一日 Audited 經審核 |
|---|----------------------------|--|---|
| Unlisted equity interests | 非上市權益 | 527,705 | 527,705 |
| Less: impairment provision | 減：減值撥備 | (188,100) | (188,100) |
| Net | 淨額 | 339,605 | 339,605 |
| Listed debt securities | 上市債務證券 | 149,950 | 148,429 |
| (Less)/Add: fair value (losses)/gains credited to equity | (減)/加：計入權益之 公允價值(虧損)/收益 | (4,126) | 1,521 |
| Less: disposal | 減：出售 | (20,958) | - |
| | | 124,866 | 149,950 |
| Total | 總計 | 464,471 | 489,555 |

11 PROPERTIES UNDER DEVELOPMENT AND HELD FOR SALE

11 發展中及持作出售物業

| | | 30 June 2017 二零一七年 六月三十日 Unaudited 未經審核 | 31 December 2016 二零一六年 十二月三十一日 Audited 經審核 |
|--|------------|--|---|
| Properties under development comprise: | 發展中物業包括： | | |
| - Construction costs | - 建築成本 | 4,615 | 156,322 |
| - Land use rights | - 土地使用權 | 5,078 | 53,412 |
| - Interests capitalised | - 資本化利息 | - | 22,059 |
| | | 9,693 | 231,793 |
| Completed properties held for sale | 已完成的持作出售物業 | 719,977 | 1,187,320 |
| | | 729,670 | 1,419,113 |

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

12 INVENTORIES

| | |
|--|----------|
| Raw materials and materials in-transit | 原材料及在途材料 |
| Work-in-progress | 在製品 |
| Finished goods | 製成品 |
| Inventories – net | 存貨－淨額 |

As at 30 June 2017, inventories with a net book value of RMB61 million (31 December 2016: RMB69 million) were pledged as security for the Group's notes payable (Note 18).

12 存貨

| 30 June 2017 二零一七年 六月三十日 Unaudited 未經審核 | 31 December 2016 二零一六年 十二月三十一日 Audited 經審核 |
|--|---|
| 1,919,923 | 2,595,524 |
| 178,804 | 252,834 |
| 506,434 | 485,992 |
| 2,605,161 | 3,334,350 |

於二零一七年六月三十日，賬面淨值人民幣6,100萬元(二零一六年十二月三十一日：人民幣6,900萬元)的存貨已為本集團應付票據(附註18)作抵押。

13 TRADE RECEIVABLES

| | |
|--|---------------|
| Trade receivables | 應收貿易賬款 |
| Less: impairment provision for trade receivables | 減：應收貿易賬款的減值撥備 |
| Trade receivables – net | 應收貿易賬款－淨額 |

As at 30 June 2017 and 31 December 2016, the carrying amount of the Group's trade receivables approximated their fair values.

13 應收貿易賬款

| 30 June 2017 二零一七年 六月三十日 Unaudited 未經審核 | 31 December 2016 二零一六年 十二月三十一日 Audited 經審核 |
|--|---|
| 591,828 | 509,659 |
| (29,291) | (26,846) |
| 562,537 | 482,813 |

於二零一七年六月三十日及二零一六年十二月三十一日，本集團的應收貿易賬款之賬面值近似其公允價值。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

13 TRADE RECEIVABLES (continued)

The credit policy usually adopted by the Group for the sales of products to customers is to deliver goods either upon receipt in cash or upon receipt of bank acceptance notes with the maturity dates within six months.

As at 30 June 2017 and 31 December 2016, the ageing analysis of trade receivables based on invoice date were as follows:

| | |
|-----------------|--------|
| Within 3 months | 3個月內 |
| 4-6 months | 4至6個月 |
| 7-12 months | 7至12個月 |
| Over 1 year | 1年以上 |

As at 30 June 2017, trade receivables amounting to approximately RMB154 million (31 December 2016: RMB58 million) were guaranteed by customers' letters of credit.

13 應收貿易賬款(續)

本集團採納的產品銷售信貸政策，通常為於收取現金或到期日在六個月以內的銀行承兌匯票時向客戶交付貨物。

於二零一七年六月三十日及二零一六年十二月三十一日，應收貿易賬款按發票日期的賬齡分析如下：

| 30 June 2017 二零一七年 六月三十日 Unaudited 未經審核 | 31 December 2016 二零一六年 十二月三十一日 Audited 經審核 |
|--|---|
| 399,138 | 358,394 |
| 50,143 | 44,763 |
| 65,312 | 45,661 |
| 77,235 | 60,841 |
| 591,828 | 509,659 |

於二零一七年六月三十日，以客戶開具的信用證作抵押的應收貿易賬款為約人民幣1.54億元(二零一六年十二月三十一日：人民幣5,800萬元)。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

14 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

14 預付款項、按金及其他應收賬款

| | | 30 June 2017 二零一七年 六月三十日 Unaudited 未經審核 | 31 December 2016 二零一六年 十二月三十一日 Audited 經審核 |
|---|--------------------|--|---|
| Non-current | 非流動 | | |
| Prepayments for purchase of property, plant and equipment | 購買物業、廠房及設備的預付款項 | 234,235 | 234,235 |
| Less: impairment provision | 減：減值撥備 | (234,235) | (234,235) |
| Prepayments for purchase of property, plant and equipment – net | 購買物業、廠房及設備的預付款項－淨額 | – | – |
| Other receivables | 其他應收賬款 | 13,000 | 13,000 |
| | | 13,000 | 13,000 |
| Current | 流動 | | |
| Prepayments for purchase of inventories | 購買存貨的預付款項 | 795,143 | 784,611 |
| Other receivables | 其他應收賬款 | 619,318 | 549,503 |
| Less: impairment provision | 減：減值撥備 | (353,603) | (315,826) |
| Other receivables – net | 其他應收賬款－淨額 | 265,715 | 233,677 |
| Deposits | 按金 | 151,987 | 161,567 |
| Prepaid tax | 預付稅款 | 107,587 | 214,370 |
| Prepaid expenses | 預付費用 | 15,593 | 10,898 |
| | | 1,336,025 | 1,405,123 |
| | | 1,349,025 | 1,418,123 |

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

15 NOTES RECEIVABLE – BANK ACCEPTANCE NOTES

15 應收票據 – 銀行承兌匯票

| | 30 June 2017 二零一七年 六月三十日 Unaudited 未經審核 | 31 December 2016 二零一六年 十二月三十一日 Audited 經審核 |
|--|--|---|
| Notes receivable – bank acceptance notes 應收票據 – 銀行承兌匯票 | 3,533,941 | 2,339,669 |

As at 30 June 2017, notes receivable amounting to RMB5 million (31 December 2016: RMB358 million) was pledged as security for issuing notes payable (Note 18).

於二零一七年六月三十日，人民幣500萬元(二零一六年十二月三十一日：人民幣3.58億元)的應收票據為開具應付票據(附註18)而抵押。

The settlement of the notes receivable was guaranteed by banks with maturity dates within six months. The notes receivable can be convertible into cash and cash equivalent by paying discounting interests and the credit risks in respect of the notes receivable are considered to be low.

應收票據到期日為六個月內，其結算由銀行擔保。應收票據透過支付貼現利息可轉換為現金及現金等價物及有關應收票據的信貸風險被視為較低。

As at 30 June 2017 and 31 December 2016, the ageing analysis of notes receivable was as follows:

於二零一七年六月三十日及二零一六年十二月三十一日，應收票據的賬齡分析如下：

| | 30 June 2017 二零一七年 六月三十日 Unaudited 未經審核 | 31 December 2016 二零一六年 十二月三十一日 Audited 經審核 |
|----------------------|--|---|
| Within 3 months 3個月內 | 3,085,599 | 1,524,373 |
| 4-6 months 4至6個月 | 448,342 | 815,296 |
| | 3,533,941 | 2,339,669 |

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

16 SHARE CAPITAL AND SHARE OPTION SCHEME

16 股本及購股權計劃

(a) Share capital

(a) 股本

| | | Amount (unaudited) 金額(未經審核) | | | |
|---|--------------------------|--|---------------------------|--------------------------|-------------|
| | | Number of shares (thousands) 股份數目(千股) | Ordinary shares 普通股 | Share premium 股份溢價 | Total 總計 |
| As at 1 January 2016 till 1 January 2017 | 於二零一六年一月一日 至二零一七年一月一日 | 2,931,425 | 311,853 | 2,192,131 | 2,503,984 |
| Proceeds from shares issued (i) | 發行股份所得款項(i) | 586,284 | 51,839 | 600,773 | 652,612 |
| Employee share option scheme – issuance of shares | 僱員購股權計劃 – 發行股份 | 3,600 | 314 | 4,385 | 4,699 |
| As at 30 June 2017 | 於二零一七年六月三十日 | 3,521,309 | 364,006 | 2,797,289 | 3,161,295 |

(i) On 20 January 2017, the Company entered into a placing agreement (the “Placing Agreement I”) with Shenwan Hongyuen Securities (H.K.) Limited (“the Placing Agent”) whereby the Company agreed to place, through the Placing Agent, on a best effort basis, a maximum of 586,285,000 shares (“Placing Shares I”) to not less than six places (“Placees I”) at a price of HK\$1.30 per Placing Share I (“Placing I”).

On 27 January 2017, completion of the Placing I took place in accordance with the terms and conditions of the Placing Agreement I. An aggregate of 586,284,000 Placing Shares I, representing approximately 16.67% of the issued share capital of the Company immediately after Completion of the Placing I, have been successfully placed to not less than six Placees I at the placing price of HK\$1.30 per Placing Shares I.

As at 30 June 2017 and 31 December 2016, the total number of authorised ordinary shares is 5,000,000,000 shares with par value of HK\$ 0.1 per share.

(i) 於二零一七年一月二十日，本公司與申萬宏源證券(香港)有限公司(「配售代理」)訂立配售協議(「配售協議一」)，據此，本公司已同意透過配售代理盡力向不少於六名承配人(「承配人一」)配售最多586,285,000股股份(「配售股份一」)，價格為每股配售股份一1.30港元。(「配售事項一」)

於二零一七年一月二十七日，配售事項一已按配售協議一之條款及條件完成。合共586,284,000股配售股份一(佔本公司緊隨完成配售事項一後已發行股本約16.67%)已按配售價每股配售股份一1.30港元獲成功配售予不少於六名承配人一。

於二零一七年六月三十日及二零一六年十二月三十一日，法定普通股總數為5,000,000,000股每股面值0.1港元的股份。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

16 SHARE CAPITAL AND SHARE OPTION SCHEME (continued)

(b) Share option scheme

The Company adopted three share option schemes (the “Schemes”) approved by the shareholders of the Company. The total number of shares which may be issued in aggregate under the Schemes must not exceed 583,557,500 shares, representing approximately 16.6% of the total number of shares issued by the Company as at 30 June 2017. The vesting periods for the options granted under the Schemes are determined by the Board on each grant date and are not exceed 10 years from the dates of the grant of the options. The Schemes will remain in force for ten years.

Movements in the number of share options outstanding and their related weighted average exercise prices during the six months periods were as follows:

16 股本及購股權計劃(續)

(b) 購股權計劃

本公司已採納由本公司股東批准的三項購股權計劃(「該計劃」)。根據該計劃可發行的股份總數不得超過583,557,500股，佔本公司於二零一七年六月三十日已發行股份總數的約16.6%。根據該計劃授出購股權的一般歸屬期由董事局於各授出日期釐定，且自購股權授出之日起不超過10年。該計劃將於十年內有效。

尚未行使購股權數目及彼等相關加權平均行使價於六個月期間之變動如下：

| | | Six months ended 30 June (unaudited) | | | |
|--------------|--------|--------------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | | 截至六月三十日止六個月(未經審核) | | | |
| | | 2017 | | 2016 | |
| | | 二零一七年 | | 二零一六年 | |
| | | Average exercise price in HK\$ | Number of options (thousands) | Average exercise price in HK\$ | Number of options (thousands) |
| | | 平均行使價(以港元計) | 購股權數目(千份) | 平均行使價(以港元計) | 購股權數目(千份) |
| At 1 January | 於一月一日 | 2.58 | 234,670 | 2.59 | 242,670 |
| Exercised | 已行使 | 1.50 | (3,600) | - | - |
| Lapsed | 已失效 | - | - | 2.76 | (8,000) |
| At 30 June | 於六月三十日 | 2.61 | 231,070 | 2.58 | 234,670 |

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

17 OTHER RESERVES

17 其他儲備

| | | Merger reserve | Capital surplus | Statutory reserve | Employee Share Option Scheme 僱員 購股權計劃 | Available- for-sale financial assets 可供出售 金融資產 | Total 總計 |
|--|---|-------------------|--------------------|----------------------|--|---|-------------|
| | | Unaudited 未經審核 | | | | | |
| As at 1 January 2017 | 於二零一七年 一月一日 | (599) | 53,367 | 1,229,271 | 419,748 | 1,521 | 1,703,308 |
| Fair value losses on available- for-sale financial assets (Note 10) | 可供出售金融資產的 公允價值虧損 (附註10) | - | - | - | - | (4,126) | (4,126) |
| Transfer of fair value gains previously credited to reserve to income statement upon disposal of available-for-sale financial assets | 於出售可供出售 金融資產時將先前 計入儲備的 公允價值收益轉 至收益表 | - | - | - | - | (131) | (131) |
| As at 30 June 2017 | 於二零一七年 六月三十日 | (599) | 53,367 | 1,229,271 | 419,748 | (2,736) | 1,699,051 |
| As at 1 January 2016 | 於二零一六年 一月一日 | (599) | 35,345 | 1,215,808 | 419,748 | - | 1,670,302 |
| Changes in ownership interests in subsidiaries without change of control | 在不改變控制權的情 況下變更於附屬公 司的所有權權益 | - | 18,022 | - | - | - | 18,022 |
| Fair value gains on available- for-sale financial assets | 可供出售金融資產的 公允價值收益 | - | - | - | - | 1,149 | 1,149 |
| As at 30 June 2016 | 於二零一六年 六月三十日 | (599) | 53,367 | 1,215,808 | 419,748 | 1,149 | 1,689,473 |

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

18 TRADE PAYABLES

| | |
|------------------|------|
| Account payables | 應付賬款 |
| Notes payable | 應付票據 |

As at 30 June 2017, all notes payable represented bank acceptance notes, of which RMB4 million (31 December 2016: RMB358 million) was secured by certain notes receivable (Note 15), RMB650 million (31 December 2016: RMB1,828 million) were secured by restricted bank balances amounting to approximately RMB283 million (31 December 2016: RMB831 million) and RMB115 million (31 December 2016: RMB93 million) were secured by inventories and restricted bank balances amounting to approximately RMB61 million (31 December 2016: RMB69 million) and RMB63 million (31 December 2016: RMB52 million) respectively.

18 應付貿易賬款

| 30 June 2017 二零一七年 六月三十日 Unaudited 未經審核 | 31 December 2016 二零一六年 十二月三十一日 Audited 經審核 |
|--|---|
| 2,211,875 | 3,146,492 |
| 768,600 | 2,278,831 |
| 2,980,475 | 5,425,323 |

於二零一七年六月三十日，所有應付票據均為銀行承兌匯票，其中人民幣400萬元(二零一六年十二月三十一日：人民幣3.58億元)以若干應收票據(附註15)作抵押，人民幣6.50億元(二零一六年十二月三十一日：人民幣18.28億元)以受限制銀行結餘約人民幣2.83億元(二零一六年十二月三十一日：人民幣8.31億元)作抵押，以及人民幣1.15億元(二零一六年十二月三十一日：人民幣9,300萬元)以存貨及受限制銀行結餘分別為約人民幣6,100萬元(二零一六年十二月三十一日：人民幣6,900萬元)及人民幣6,300萬元(二零一六年十二月三十一日：人民幣5,200萬元)作抵押。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

18 TRADE PAYABLES (continued)

As at 30 June 2017 and 31 December 2016, the ageing analysis of the account payables based on invoice date were as follows:

| | |
|-----------------|---------|
| Within 3 months | 3個月內 |
| 4-6 months | 4至6個月 |
| 7-9 months | 7至9個月 |
| 10-12 months | 10至12個月 |
| Over 1 year | 1年以上 |

As at 30 June 2017 and 31 December 2016, the ageing analysis of the notes payables were as follows:

| | |
|-----------------|-------|
| Within 3 months | 3個月內 |
| 4-6 months | 4至6個月 |

18 應付貿易賬款(續)

於二零一七年六月三十日及二零一六年十二月三十一日，應付賬款按發票日期的賬齡分析如下：

| 30 June 2017 二零一七年 六月三十日 Unaudited 未經審核 | 31 December 2016 二零一六年 十二月三十一日 Audited 經審核 |
|--|---|
| 1,582,425 | 2,602,845 |
| 301,178 | 182,063 |
| 95,396 | 123,111 |
| 73,110 | 31,980 |
| 159,766 | 206,493 |
| 2,211,875 | 3,146,492 |

於二零一七年六月三十日及二零一六年十二月三十一日，應付票據的賬齡分析如下：

| 30 June 2017 二零一七年 六月三十日 Unaudited 未經審核 | 31 December 2016 二零一六年 十二月三十一日 Audited 經審核 |
|--|---|
| 630,853 | 2,022,906 |
| 137,747 | 255,925 |
| 768,600 | 2,278,831 |

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

19 ACCRUALS, ADVANCES AND OTHER CURRENT LIABILITIES

19 預提費用、預收款項及其他流動負債

| | | 30 June 2017 二零一七年 六月三十日 Unaudited 未經審核 | 31 December 2016 二零一六年 十二月三十一日 Audited 經審核 |
|---|---------------------|--|---|
| Advances from customers | 預收客戶款項 | 2,323,673 | 2,215,134 |
| Payables for purchase of property, plant and equipment | 購置物業、廠房及設備的 應付賬款 | 425,581 | 308,854 |
| Deposits from customers | 客戶按金 | 123,441 | 138,403 |
| Value-added tax payable and other taxes payables | 應付增值稅及其他 應付稅項 | 244,633 | 88,686 |
| Accrual for interest expense | 預提利息費用 | 10,893 | 9,232 |
| Salary, pension and other social welfare payables | 應付薪金、退休金及 其他社會福利 | 180,570 | 153,570 |
| Provisions for legal claims | 法律索償撥備 | 20,000 | 20,000 |
| Accrual for iron ore importing expense | 預提鐵礦石進口費用 | 149,338 | 144,034 |
| Employee deposits | 僱員按金 | 27,433 | 32,016 |
| Rental fee | 租賃費用 | 49,869 | - |
| Others | 其他 | 304,435 | 258,581 |
| | | 3,859,866 | 3,368,510 |

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

20 BORROWINGS

20 借款

| | | 30 June 2017 二零一七年 六月三十日 Unaudited 未經審核 | 31 December 2016 二零一六年 十二月三十一日 Audited 經審核 |
|---------------------------------|--------------|--|---|
| Non-current | 非流動 | | |
| Bank borrowings, secured (i) | 銀行借款，已抵押(i) | 239,500 | 246,500 |
| Current | 流動 | | |
| Bank borrowings | 銀行借款 | | |
| Secured (i) | 已抵押(i) | 52,800 | 35,000 |
| Unsecured | 無抵押 | 1,082,063 | 1,034,507 |
| | | 1,134,863 | 1,069,507 |
| Other borrowing, unsecured (ii) | 其他借款，無抵押(ii) | 65,000 | 65,000 |
| | | 1,199,863 | 1,134,507 |
| Total borrowings | 借款總額 | 1,439,363 | 1,381,007 |

The borrowings of the Group as at 30 June 2017 composed the follows:

- (i) As at 30 June 2017, the Group's bank borrowings of RMB292 million were secured by property, plant and equipment of RMB890 million and leasehold land and land use right with carrying amount of approximately RMB55 million.

As at 31 December 2016, the Group's bank borrowings of RMB282 million were secured by property, plant and equipment of RMB975 million and leasehold land and land use right with carrying amount of approximately RMB 56 million.

- (ii) Other borrowing represented a borrowing from the local county government amounting to RMB65 million (31 December 2016: RMB65 million) which has no fixed term of repayment. Interest is charged at the RMB bank deposit rate for 1 year fixed deposit.

於二零一七年六月三十日本集團的借款包括以下各項：

- (i) 於二零一七年六月三十日，本集團人民幣2.92億元的銀行借款以人民幣8.9億元的物業、廠房及設備及賬面值約人民幣5,500萬元的租賃土地及土地使用權作抵押。

於二零一六年十二月三十一日，本集團人民幣2.82億元的銀行借款以人民幣9.75億元的物業、廠房及設備及賬面值約人民幣5,600萬元的租賃土地及土地使用權作抵押。

- (ii) 其他借款指當地縣政府提供的人民幣6,500萬元(二零一六年十二月三十一日：人民幣6,500萬元)借款，該筆借款無固定償還期。利息開支按銀行人民幣一年定期存款利率計算。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

20 BORROWINGS (continued)

The movements in borrowings of the Group were analysed as follows:

20 借款(續)

本集團借款的變動情況分析如下：

| | | Unaudited 未經審核 |
|--------------------------------------|--------------------|--------------------------|
| Six months ended 30 June 2017 | 截至二零一七年 | |
| | 六月三十日止六個月 | |
| As at 1 January 2017 | 於二零一七年一月一日 | 1,381,007 |
| Proceeds from borrowings | 借款所得款項 | 1,769,192 |
| Repayments of borrowings | 償還借款款項 | (1,704,834) |
| Foreign exchange gains | 匯兌收益 | (6,002) |
| | | <hr/> |
| As at 30 June 2017 | 於二零一七年六月三十日 | 1,439,363 |
| | | <hr/> |
| Six months ended 30 June 2016 | 截至二零一六年 | |
| | 六月三十日止六個月 | |
| As at 1 January 2016 | 於二零一六年一月一日 | 3,402,375 |
| Proceeds from borrowings | 借款所得款項 | 1,929,545 |
| Repayments of borrowings | 償還借款款項 | (3,720,082) |
| Foreign exchange losses | 匯兌虧損 | 11,010 |
| | | <hr/> |
| As at 30 June 2016 | 於二零一六年六月三十日 | 1,622,848 |
| | | <hr/> |

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

20 BORROWINGS (continued)

As at 30 June 2017 and 31 December 2016, the Group's borrowings were repayable as follows:

20 借款(續)

於二零一七年六月三十日及二零一六年十二月三十一日，本集團的借款到期期限如下：

| | Bank borrowings 銀行借款 | | Other borrowings 其他借款 | |
|-------------------------------|--|---|--|---|
| | 30 June 2017 二零一七年 六月 三十日 Unaudited 未經審核 | 31 December 2016 二零一六年 十二月 三十一日 Audited 經審核 | 30 June 2017 二零一七年 六月 三十日 Unaudited 未經審核 | 31 December 2016 二零一六年 十二月 三十一日 Audited 經審核 |
| Within 1 year 1年內 | 1,134,863 | 1,069,507 | 65,000 | 65,000 |
| Between 1 and 2 years 1至2年 | 139,500 | - | - | - |
| Between 2 and 5 years 2至5年 | 100,000 | 246,500 | - | - |
| | 1,374,363 | 1,316,007 | 65,000 | 65,000 |

21 OTHER LONG-TERM PAYABLES

21 其他長期應付賬款

| | | 30 June 2017 二零一七年 六月三十日 Unaudited 未經審核 | 31 December 2016 二零一六年 十二月三十一日 Audited 經審核 |
|---------------------------------------|-------------------|--|---|
| Non-current | 非流動 | | |
| Finance lease obligations (i) | 融資租賃承擔(i) | 353,618 | 603,761 |
| Other payable | 其他應付款 | 7,257 | 11,433 |
| | | 360,875 | 615,194 |
| Current | 流動 | | |
| Finance lease obligations (i) | 融資租賃承擔(i) | - | 551,392 |
| Total other long-term payables | 其他長期應付賬款總額 | 360,875 | 1,166,586 |

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

21 OTHER LONG-TERM PAYABLES (continued)

- (i) In November 2015, the Group entered into certain asset sale and leaseback agreements (the "Sale and Lease Agreement") with one financial institution. The sales proceeds of the relevant property, plant and equipment were RMB1,200 million with a notional disposal loss of RMB10 million which was amortised over the lease term of 36 months. The Group was entitled to purchase the related asset at a cost of RMB3 at the end of the lease.
- (ii) As at 30 June 2017, total minimum lease payments under the finance lease based on the PBOC interest rate as at the balance sheet date and their present values were as follows:

| | | Present value of minimum lease payments 最低租賃 付款之現值 | Interest expenses relating to future periods 有關未來期間 之利息費用 | Total minimum lease payments 最低租賃 付款總額 |
|-----------------------|------|---|--|---|
| Within 1 year | 1年內 | – | 22,337 | 22,337 |
| Between 1 and 5 years | 1至5年 | 353,618 | 9,580 | 363,198 |
| | | 353,618 | 31,917 | 385,535 |

The range of effective interest rates of the finance lease obligations of the Group is 6.21% to 6.39% per annum.

As at 30 June 2017, the fair value of the finance lease obligations approximated RMB361 million. The fair values were based on discounted cash flow using three-year borrowing market rates of 4.75% per annum.

21 其他長期應付賬款(續)

- (i) 於二零一五年十一月，本集團與一間金融機構訂立若干資產售後回租協議（「售後回租協議」）。出售相關物業、廠房及設備所得款項為人民幣12億元，名義出售虧損為人民幣1,000萬元，按租賃期36個月攤銷。本集團於租賃期末有權以人民幣3元的成本購買相關資產。
- (ii) 於二零一七年六月三十日，按中國人民銀行於結算日利率計息之融資租賃之最低租賃付款總額及其現值如下：

本集團融資租賃承擔的實際利率範圍為每年6.21%至6.39%。

於二零一七年六月三十日，融資租賃承擔的公允價值約為人民幣3.61億元。公允價值乃使用三年期市場借貸利率每年4.75%按現金流折現處理。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

22 OPERATING PROFIT

The operating profit of the Group has been credited/(charged) by the following items.

22 經營溢利

以下項目已於本集團的經營溢利中增加/(扣減)。

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|---|--------------------------|---|------------------------------------|
| | | 2017 二零一七年 Unaudited 未經審核 | 2016 二零一六年 Unaudited 未經審核 |
| Depreciation of property, plant and equipment (Note 8) | 物業、廠房及設備折舊(附註8) | (552,528) | (537,400) |
| Rental fee | 租賃費 | (142,383) | (44,462) |
| Provision for write-down of inventories to net realisable value | 存貨價值撇減至可變現淨值撥備 | - | (6,645) |
| Provision for impairment of prepayments, deposits and other receivables (Note 14) | 預付款項、按金及其他應收賬款減值撥備(附註14) | (37,777) | (229,892) |
| Reversal of impairment of a loan receivable | 應收貸款減值撥回 | - | 10,000 |
| Amortisation of intangible assets (Note 8) | 無形資產攤銷(附註8) | (5,082) | (5,126) |
| Amortisation of leasehold land and land use rights (Note 8) | 租賃土地及土地使用權攤銷(附註8) | (2,890) | (2,324) |
| Provision for impairment of trade receivables (Note 13) | 應收貿易賬款減值撥備(附註13) | (2,445) | (15,707) |
| Provision for impairment of amounts due from a related party | 應收一名關聯方款項減值撥備 | - | (19,923) |
| Depreciation of investment properties (Note 8) | 投資物業折舊(附註8) | (254) | (221) |
| Other gains – net | 其他收益 – 淨額 | 115,781 | 19,070 |
| – Government grants | – 政府補貼 | 92,813 | 21,445 |
| – Gain on disposal of property, plant and equipment | – 出售物業、廠房及設備之收益 | 2,586 | 2,129 |
| – Loss on disposal of available-for-sale financial assets | – 出售可供出售金融資產之虧損 | (506) | - |
| – Loss on repurchase of senior notes | – 購回優先票據之虧損 | - | (1,041) |
| – Gain on disposal of subsidiaries | – 出售附屬公司之收益 | - | 11,056 |
| – Others | – 其他 | 20,888 | (14,519) |

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

23 FINANCE INCOME AND COSTS

23 財務收入及成本

| | | Six months ended 30 June | |
|---|---------------|---------------------------------|-----------|
| | | 截至六月三十日止六個月 | |
| | | 2017 | 2016 |
| | | 二零一七年 | 二零一六年 |
| | | Unaudited | Unaudited |
| | | 未經審核 | 未經審核 |
| Interest expenses | 利息費用 | (41,175) | (42,870) |
| Finance lease liabilities | 融資租賃負債 | (21,628) | (37,917) |
| Net foreign exchange gains/(losses) on borrowings | 借款的匯兌淨收益/(虧損) | 6,002 | (11,010) |
| Total finance costs | 財務成本總額 | (56,801) | (91,797) |
| Less: amounts capitalised on qualifying assets | 減：合資格資產資本化金額 | 3,454 | 6,446 |
| Finance costs | 財務成本 | (53,347) | (85,351) |
| Finance income | 財務收入 | 48,975 | 48,138 |
| Finance costs – net | 財務成本－淨額 | (4,372) | (37,213) |

For the six months ended 30 June 2017, a capitalisation rate of 3.60% (2016: 6.55%) was used, representing the average borrowing cost of the loans relating to financing the construction of property, plant and equipment and properties under development.

截至二零一七年六月三十日止六個月，於呈列與建造物業、廠房及設備及發展中物業融資相關的貸款之平均借款成本時採用的資本化比率為3.60%（二零一六年：6.55%）。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

24 INCOME TAX EXPENSE

24 所得稅費用

| | | Six months ended 30 June | |
|-----------------------------|-----------|---------------------------------|-----------|
| | | 截至六月三十日止六個月 | |
| | | 2017 | 2016 |
| | | 二零一七年 | 二零一六年 |
| | | Unaudited | Unaudited |
| | | 未經審核 | 未經審核 |
| Current income tax | 當期所得稅 | | |
| – PRC enterprise income tax | – 中國企業所得稅 | 628,756 | 56,539 |
| – Singapore profit tax | – 新加坡利得稅 | 2,090 | – |
| | | 630,846 | 56,539 |
| Deferred income tax | 遞延所得稅 | | |
| – PRC enterprise income tax | – 中國企業所得稅 | 4,234 | 201,094 |
| – Singapore profit tax | – 新加坡利得稅 | – | 5,177 |
| | | 4,234 | 206,271 |
| | | 635,080 | 262,810 |

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and, accordingly, is exempted from payment of Bermuda income tax.

The subsidiaries of the Company that were incorporated in British Virgin Islands (“BVI”) with limited liability under the International Business Companies Act Chapter 291, are exempted from payment of BVI income tax.

No Hong Kong profits tax has been provided since the Company and the subsidiaries traded or incorporated in Hong Kong do not have assessable taxable profits during the six months ended 30 June 2017 after utilising accumulated tax losses (2016: nil). The Directors are of opinion that the accumulated tax losses of the Company and the subsidiaries are unlikely to be utilised in the future. No deferred tax assets were recognised.

本公司根據百慕達一九八一年公司法在百慕達註冊成立為獲豁免有限責任公司，故獲豁免繳付百慕達所得稅。

本公司的附屬公司根據國際商業公司法第 291 章在英屬維爾京群島（「英屬維爾京群島」）註冊成立為有限責任公司，獲豁免繳付英屬維爾京群島所得稅。

由於在動用累積稅項虧損後，於香港進行貿易或註冊成立的本公司及附屬公司於截至二零一七年六月三十日止六個月期間並無應課稅溢利，故並沒有計提香港利得稅（二零一六年：無）。董事認為，本公司及附屬公司於未來動用累積稅項虧損之可能性不大，故並無確認遞延稅項資產。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

24 INCOME TAX EXPENSE (continued)

China Oriental Singapore Pte. Ltd. ("China Oriental Singapore") has been awarded the "Global Trader Programme" ("GTP") status for 2 years 9 months with effect from 1 April 2011 and continued to be awarded from 1 January 2014 for 5 years. Income from qualifying transactions will be taxed at the concessionary corporate tax rate of 10%, subject to China Oriental Singapore meeting certain terms and conditions as stated in the letter issued by International Enterprise Singapore.

The PRC Enterprise Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year, the standard tax rate of the Group incorporated in the PRC remains unchanged as 25% during the six months ended 30 June 2017 and 2016 except for Zhongjin Finance Leasing Co., Ltd. ("Zhongjin Leasing").

Zhongjin Leasing, being qualified as a leasing industry enterprise, was established in a special economic zone. As approved by local tax authority on 10 January 2017, Zhongjin Leasing was entitled to a four-year full exemption of income tax effective from 1 January 2017. Accordingly, the effective tax rate for the period ended 30 June 2017 was 0% (2016: 25%).

24 所得稅費用(續)

中國東方新加坡有限公司(「中國東方新加坡」)已獲得自二零一一年四月一日起生效的兩年零九個月的「環球貿易計劃」地位，並繼續獲得自二零一四年一月一日起生效五年。根據中國東方新加坡達到新加坡國際企業發展局發出的函件內所列的若干條款及條件，合資格的交易之收入將按特許企業稅率10%徵稅。

中國企業所得稅費用乃根據管理層對預期整個財政年度之加權平均全年收入稅率所作之最佳估計確認。於截至二零一七年及二零一六年六月三十日止六個月，本集團在中國註冊成立的公司(除中津融資租賃有限公司(「中津融資」)外)之標準稅率維持不變，為25%。

中津融資，作為融資租賃行業企業，成立於經濟特區。中津融資於二零一七年一月十日獲得當地稅務機關批准，有權自二零一七年一月一日起生效四年全額豁免所得稅。因此，於截至二零一七年六月三十日止期間的所得稅稅率為0% (二零一六年：25%)。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

24 INCOME TAX EXPENSE (continued)

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the weighted average applicable tax rate of 23.27% (2016: 24.13%) to respective profits of the consolidated entities for the six months ended 30 June 2017 and 2016 as follows:

24 所得稅費用(續)

本集團除稅前溢利的稅項與使用加權平均適用稅率以23.27%(二零一六年:24.13%)計算，截至二零一七年及二零一六年六月三十日止六個月合併實體各自溢利的理論金額分別如下：

| | | Six months ended 30 June | |
|--|-----------------------|---------------------------------|-----------|
| | | 截至六月三十日止六個月 | |
| | | 2017 | 2016 |
| | | 二零一七年 | 二零一六年 |
| | | Unaudited | Unaudited |
| | | 未經審核 | 未經審核 |
| Profit before taxation | 除稅前溢利 | 2,527,262 | 803,513 |
| Taxation calculated at statutory tax rate | 按法定稅率計算之稅項 | 588,180 | 193,896 |
| Utilisation of previously unrecognised tax losses | 動用過往未確認之稅項虧損 | (12,517) | (3,369) |
| Temporary difference and tax losses for which no deferred income tax assets was recognised | 未確認遞延所得稅資產之暫時性差異及稅項虧損 | 29,314 | 70,985 |
| Withholding tax of intra-group interest income | 代扣代繳集團內利息收入之所得稅 | 291 | 660 |
| Effect of non-deductible expenses | 不可扣減費用之影響 | 29,812 | 638 |
| | | 635,080 | 262,810 |

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

25 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

| | |
|---|------------------|
| Profit attributable to owners of the Company | 本公司權益持有者應佔溢利 |
| Weighted average number of ordinary shares in issue (thousands) | 已發行普通股的加權平均數(千股) |
| Basic earnings per share (RMB per share) | 每股基本收益(每股人民幣元) |

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

As at 30 June 2017, the Company has one category of dilutive potential ordinary shares: share options.

25 每股收益

基本

每股基本收益乃根據本公司權益持有者應佔溢利除以期內已發行普通股的加權平均數而計算。

Six months ended 30 June

截至六月三十日止六個月

| 2017 二零一七年 Unaudited 未經審核 | 2016 二零一六年 Unaudited 未經審核 |
|------------------------------------|------------------------------------|
| 1,872,710 | 528,469 |
| 3,414,554 | 2,931,425 |
| 0.548 | 0.180 |

稀釋

每股稀釋收益乃假設所有可稀釋的潛在普通股被兌換後，根據已發行普通股的加權平均數作出調整而計算。

於二零一七年六月三十日，本公司僅有一類可稀釋的潛在普通股：購股權。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

25 EARNINGS PER SHARE (continued)

25 每股收益(續)

| | | Six months ended 30 June | |
|--|-------------------------------------|---------------------------------|-----------|
| | | 截至六月三十日止六個月 | |
| | | 2017 | 2016 |
| | | 二零一七年 | 二零一六年 |
| | | Unaudited | Unaudited |
| | | 未經審核 | 未經審核 |
| Profit attributable to owners of the Company | 本公司權益持有者應佔溢利 | 1,872,710 | 528,469 |
| Weighted average number of ordinary shares in issue used in calculating basic earnings per share (thousands) | 用於計算每股基本收益的已發行普通股加權平均數(千股) | 3,414,554 | 2,931,425 |
| Adjustments for options (thousands) | 購股權調整(千股) | 24 | - |
| Weighted average number of ordinary shares and potential ordinary shares issued as the denominator in calculating diluted earnings per share (thousands) | 計算每股稀釋收益時作為分母的已發行普通股及潛在普通股加權平均數(千股) | 3,414,578 | 2,931,425 |
| Diluted earnings per share (RMB per share) | 每股稀釋收益(每股人民幣元) | 0.548 | 0.180 |

26 DIVIDENDS

At the board meeting held on 22 August 2017, the Board proposed an interim dividend of HK\$457.8 million (approximately RMB389.9 million), representing HK\$0.13 per ordinary share in respect of the six months ended 30 June 2017 (2016: Nil).

At the meeting held on 31 March 2017, the Board proposed a final dividend of HK\$175.9 million (approximately RMB157.3 million), representing HK\$0.05 per ordinary share and a special dividend of HK\$351.8 million (approximately RMB314.7 million), representing HK\$0.10 per ordinary share in respect of the year ended 31 December 2016. This proposed dividend was approved by the shareholders of the Company on the annual general meeting of the company dated 31 May 2017 and was paid during the period.

26 股息

於二零一七年八月二十二日舉行的董事局會議上，董事局建議就截至二零一七年六月三十日止六個月派發中期股息4.578億港元(約人民幣3.899億元)(即每股普通股0.13港元)(二零一六年：無)。

於二零一七年三月三十一日舉行的會議上，董事局建議就截至二零一六年十二月三十一日止年度派發末期股息1.759億港元(約人民幣1.573億元)(即每股普通股0.05港元)及特別股息3.518億港元(約人民幣3.147億元)(即每股普通股0.10港元)。此建議派發的股息於二零一七年五月三十一日本公司舉行的股東週年大會上經本公司的股東通過及已於期內支付。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

27 NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions:

Except for the major non-cash transactions disclosed elsewhere in this condensed consolidated interim financial information, the Group endorsed bank acceptance notes to suppliers for purchase of property, plant and equipment amounting to approximately RMB385 million (2016: approximately RMB252 million) for the six months ended 30 June 2017.

28 CAPITAL COMMITMENTS

| | |
|---|------------|
| Purchase of property, plant and equipment | 購買物業、廠房及設備 |
| – Contracted but not provided for | – 已訂約但未撥備 |
| – Authorised but not contracted for | – 已授權但未訂約 |
| Purchase of properties under development | 購買發展中物業 |

29 FINANCIAL GUARANTEE CONTRACTS

As at 30 June 2017, Hebei Jinxi Iron and Steel Group Company Limited provided guarantee for bank borrowings in favour of a third party amounted to approximately RMB 11 million (2016: RMB11 million). The fair value of the financial guarantee is not significant.

The Directors are of the view that such obligation will not cause an outflow of the Group's resources embodying economic benefits.

27 中期簡明合併現金流量表附註

主要非現金交易：

除本簡明合併中期財務資料其他部份所披露的主要非現金交易外，於截至二零一七年六月三十日止六個月，本集團就購買物業、廠房及設備向供應商背書銀行承兌匯票約人民幣3.85億元(二零一六年：約人民幣2.52億元)。

28 資本承擔

| 30 June 2017 二零一七年 六月三十日 Unaudited 未經審核 | 31 December 2016 二零一六年 十二月三十一日 Audited 經審核 |
|--|---|
| 888,156 | 553,600 |
| 207,211 | 750,440 |
| 1,095,367 | 1,304,040 |
| 22,761 | 106,649 |
| 1,118,128 | 1,410,689 |

29 財務擔保合約

於二零一七年六月三十日，河北津西鋼鐵集團股份有限公司為一名第三方的銀行借款出具擔保，約人民幣1,100萬元(二零一六年：人民幣1,100萬元)。該財務擔保合約的公允價值並不重大。

董事認為該責任將不會造成本集團體現經濟利益的資源的流出。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

30 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

- (a) For the six months ended 30 June 2017 and 2016, the Directors are of the view that the following companies and persons are related parties of the Group:

30 關聯方交易

倘一方有直接或間接能力控制另一方或對另一方在制定財務及營運決策時有重大影響力，則視為關聯方。倘彼等受共同控制，也被視為關聯方。

- (a) 截至二零一七年及二零一六年六月三十日止六個月，董事認為以下公司及人士為本集團的關聯方：

| Name 名稱 | Relationship with the Group 與本集團的關係 |
|--|--|
| Foshan Jin Lan Aluminium Company Limited ("Foshan Jin Lan") 佛山金蘭鋁廠有限公司(「佛山金蘭」) | Minority shareholder of Foshan Jinxi Jin Lan Cold Rolled Sheet Company Limited ("Jinxi Jinlan"), a subsidiary of the Group 本集團一間附屬公司佛山津西金蘭冷軋板有限公司(「津西金蘭」)的少數股東 |
| Foshan Jin Lan Nonferrous Metals Product Co., Ltd. ("Jin Lan Nonferrous Metals") 佛山金蘭有色金屬製品有限公司 (「金蘭有色金屬」) | Foshan Jin Lan's subsidiary 佛山金蘭的附屬公司 |
| Tangshan Fengnan Qu Jinxi Fenggang Iron and Steel Co., Ltd. ("Jinxi Fenggang") 唐山市豐南區津西豐鋼鋼鐵有限公司 (「津西豐鋼」) | Chairman of the board of Jinxi Fenggang is Mr. Shen Xiaoling, a director of the Company 津西豐鋼的董事局主席為本公司董事沈曉玲先生 |
| Mr. Li Hejun 李賀軍先生 | Minority shareholder of a subsidiary of the Group 本集團一間附屬公司的少數股東 |
| Oriental Sheet Piling Sdn. Bhd. and its subsidiaries ("Oriental Sheet Piling") Oriental Sheet Piling Sdn. Bhd. 及其附屬公司(「Oriental Sheet Piling」) | Controlled by the same ultimate parent company of ArcelorMittal Holdings AG, an entity holds over 20% equity interests in the Company 由擁有本公司超過20%權益的實體ArcelorMittal Holdings AG的相同最終母公司控制 |
| Arcelor International Steel Trading (Shanghai) Co. Ltd ("Arcelor International Trading") Arcelor International Steel Trading (Shanghai) Co. Ltd (「Arcelor International Trading」) | Controlled by the same ultimate parent company of ArcelorMittal Holdings AG, an entity holds over 20% equity interests in the Company 由擁有本公司超過20%權益的實體ArcelorMittal Holdings AG的相同最終母公司控制 |

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

30 RELATED PARTY TRANSACTIONS (continued)

- (a) For the six months ended 30 June 2017 and 2016, the Directors are of the view that the following companies and persons are related parties of the Group: (continued)

| Name 名稱 | Relationship with the Group 與本集團的關係 |
|--|---|
| XTAL XTAL | An associated company of the Group 本集團的聯營公司 |
| Elise Trust Elise Trust | An associated company of the Group 本集團的聯營公司 |
| Tianjin Zhanwei Technology Co., Ltd ("Tianjin Zhanwei") 天津展威科技有限公司(「天津展威」) | Minority shareholder of a subsidiary of the Group 本集團一間附屬公司的少數股東 |

(b) Significant related party transactions

In addition to the related party information and transactions disclosed elsewhere in this condensed consolidated interim financial information, the following is a summary of significant related party transactions of the Group during the period:

30 關聯方交易(續)

- (a) 截至二零一七年及二零一六年六月三十日止六個月，董事認為以下公司和人士為本集團的關聯方：(續)

(b) 重大關聯方交易

除於本簡明合併中期財務資料其他地方披露的關聯方資料及交易外，以下乃本集團於期內重大關聯方交易的概要：

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|-------|---------------------------------|--|--|
| | | 2017 二零一七年 Unaudited 未經審核 | 2016 二零一六年 Unaudited 未經審核 |
| (i) | Sales of goods to | (i) | 銷售貨物 |
| | – Arcelor International Trading | | – Arcelor International Trading |
| | – Oriental Sheet Piling | 1,827 | – |
| | | – | 35,548 |
| | | 1,827 | 35,548 |
| (ii) | Sales of utilities | (ii) | 銷售能源 |
| | – Jin Lan Nonferrous Metals | | – 金蘭有色金屬 |
| | | 13,623 | 14,386 |
| (iii) | Sales of service | (iii) | 銷售服務 |
| | – XTAL | | – XTAL |
| | | 4,982 | 4,444 |
| (iv) | Purchase of service | (iv) | 購買服務 |
| | – XTAL | | – XTAL |
| | | 4,297 | 4,562 |

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

30 RELATED PARTY TRANSACTIONS (continued)

(c) Balances with related parties

30 關聯方交易(續)

(c) 關聯方結餘

| | | 30 June 2017 二零一七年 六月三十日 Unaudited 未經審核 | 31 December 2016 二零一六年 十二月三十一日 Audited 經審核 |
|---|---------------------------------|--|---|
| Amounts due from related parties | 應收關聯方款項 | | |
| <i>Current</i> | <i>流動</i> | | |
| Trade balance | 貿易結餘 | | |
| – XTAL | – XTAL | 6,139 | – |
| – Jin Lan Nonferrous Metals | – 金蘭有色金屬 | 1,562 | 1,424 |
| – Arcelor International Trading | – Arcelor International Trading | 106 | – |
| – Oriental Sheet Piling | – Oriental Sheet Piling | – | 3,678 |
| | | 7,807 | 5,102 |
| Non-trade balance | 非貿易結餘 | | |
| – Tianjin Zhanwei (i) | – 天津展威 (i) | 50,176 | – |
| – Elise Trust | – Elise Trust | 14,554 | – |
| – XTAL | – XTAL | 11,297 | 11,569 |
| | | 76,027 | 11,569 |
| | | 83,834 | 16,671 |

(i) The loan to Tianjin Zhanwei was secured by share of a minority shareholder of Oriental Jingyuan Science Technology (Beijing) Co. Ltd., bore interest at a rate of 8% per annum and repayable within one year.

(i) 貸款予天津展威乃由東方晶源微電子科技(北京)有限公司的少數股東之股份作抵押，按年利率8%計息及於一年內償還。

Notes to the Condensed Consolidated Interim Financial Information (continued)

簡明合併中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

30 RELATED PARTY TRANSACTIONS (continued)

(c) Balances with related parties (continued)

Amounts due to related parties

Non-current

Borrowings from related parties
– Mr. Li Hejun (i)

Current

Borrowings from related parties
– Foshan Jin Lan

Others

– XTAL
– Arcelor International Trading
– Oriental Sheet Piling
– Jinxi Fenggang
– Foshan Jin Lan

應付關聯方款項

非流動

關聯方提供的借款
– 李賀軍先生 (i)

流動

關聯方提供的借款
– 佛山金蘭

其他

– XTAL
– Arcelor International Trading
– Oriental Sheet Piling
– 津西豐鋼
– 佛山金蘭

30 關聯方交易(續)

(c) 關聯方結餘(續)

| 30 June 2017 二零一七年 六月三十日 Unaudited 未經審核 | 31 December 2016 二零一六年 十二月三十一日 Audited 經審核 |
|--|---|
| 51,859 | 51,859 |
| 23,931 | 23,931 |
| 5,820 | – |
| 359 | 733 |
| 302 | 302 |
| 354 | 1,917 |
| 383 | 383 |
| 7,218 | 3,335 |
| 31,149 | 27,266 |
| 83,008 | 79,125 |

(i) The borrowing from Mr. Li Hejun was unsecured, interest-free.

Except for the related party balances disclosed in (i) above, other balances were unsecured, interest-free and without fixed terms of repayments.

(i) 李賀軍先生提供之借款為無抵押、免息。

除上述(i)披露的關聯方結餘外，其他結餘均為無抵押、免息且無固定償還期。



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