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CHINA ORIENTAL GROUP COMPANY LIMITED
中國東方集團控股有限公司*
(incorporated in Bermuda with limited liability)
(Stock Code: 581)

ANNOUNCEMENT OF 2017 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2017	2016	Change
Sales volume *(tonnes)*			
– Self-manufactured steel products	**11.75 million**	11.36 million	3.5%
– Trading of steel products	**0.10 million**	0.12 million	(16.7%)
	11.85 million	11.48 million	3.2%
Revenue (RMB)			
– Sale of self-manufactured steel products	**36.50 billion**	23.37 billion	56.2%
– Trading of steel products	**0.36 billion**	0.28 billion	28.6%
– Trading of iron ore	**2.46 billion**	1.93 billion	27.3%
– Real estate	**1.14 billion**	0.21 billion	437.3%
– Others	**0.89 billion**	0.64 billion	40.0%
	41.35 billion	26.43 billion	56.5%
Gross profit/(loss) (RMB)			
– Sale of self-manufactured steel products	**6,946 million**	2,650 million	162.1%
– Trading of steel products	**(4) million**	5 million	(180.0%)
– Trading of iron ore	**133 million**	(25) million	632.0%
– Real estate	**147 million**	27 million	444.4%
– Others	**70 million**	17 million	311.8%
	7,292 million	2,674 million	172.7%
Gross profit per tonne (RMB)			
– Sale of self-manufactured steel products	**591 yuan**	233 yuan	153.6%

* *For identification purpose only*

	Year ended 31 December		
	2017	2016	Change
EBITDA[1] (RMB)	**7,474 million**	3,022 million	147.3%
EBITDA margin	**18.1%**	11.4%	N/A
EBIT[2] (RMB)	**6,406 million**	1,937 million	230.7%
EBIT margin	**15.5%**	7.3%	N/A
Profit before income tax (RMB)	**6,408 million**	1,055 million	507.4%
Profit for the year (RMB)	**4,883 million**	531 million	819.6%
Profit attributable to owners of the Company (RMB)	**4,839 million**	722 million	570.1%
Basic earnings per share (RMB)	**1.39 yuan**	0.25 yuan	456.0%
Final dividends per share (HK$)	**0.22 dollar**	0.05 dollar	340.0%
Special dividends per share (HK$)	**0.11 dollar**	0.10 dollar	10.0%
Total dividends per share for the year[5] (HK$)	**0.46 dollar**	0.15 dollar	206.7%
Return on equity[3]	**41.8%**	8.1%	N/A

	As at 31 December		
	2017	2016	Change
Total assets (RMB)	**24.41 billion**	21.05 billion	15.9%
Net assets value per share (exclude non-controlling interests) (RMB)	**3.94 yuan**	3.16 yuan	24.7%
Debt-to-capital ratio [4]	**16.9%**	25.8%	N/A

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

[2] The Company defines EBIT as profit for the year before finance income/(costs)-net, income tax expense and non-recurring items. During the year, there are no adjustments of non-recurring items in the calculation.

[3] Return on equity is calculated as profit attributable to owners of the Company divided by the average of the beginning and ending balances of the equity attributable to owners of the Company for that year.

[4] Debt-to-capital ratio is calculated as total debt divided by total capital. Total debt includes current and non-current borrowings, other long-term payables and loans from related parties. Total capital includes non-current borrowings, non-current portion of other long-term payables, non-current portion of loan from a related party and its equity attributable to owners of the Company.

[5] Total dividends per share for the year include interim dividend of HK$0.13 per share (2016: nil).

The board (the "**Board**") of directors (the "**Director(s)**") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2017 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
		2017	2016
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**41,352,596**	26,427,443
Cost of sales	*4*	**(34,060,715)**	(23,753,492)
Gross profit		**7,291,881**	2,673,951
Other income	*5*	**37,661**	6,129
Distribution costs	*4*	**(103,641)**	(118,571)
Administrative expenses	*4*	**(886,541)**	(782,289)
Other expenses	*4*	**(22,009)**	(29,854)
(Losses)/gains from derivative financial instruments	*6*	**(75,196)**	35,832
Other gains/(losses) – net	*7*	**163,040**	(656,959)
Operating profit		**6,405,195**	1,128,239
Finance income	*8*	**81,001**	109,893
Finance costs	*8*	**(78,855)**	(182,162)
Finance income/(costs) – net		**2,146**	(72,269)
Share of results of associates and a joint venture		**389**	(1,022)
Profit before income tax		**6,407,730**	1,054,948
Income tax expense	*9*	**(1,524,566)**	(523,936)
Profit for the year		**4,883,164**	531,012
Profit attributable to:			
Owners of the Company		**4,839,080**	722,127
Non-controlling interests		**44,084**	(191,115)
		4,883,164	531,012
Earnings per share for profit attributable to owners of the Company			
(expressed in RMB per share)			
– Basic earnings per share	*10*	**RMB 1.39**	RMB 0.25
– Diluted earnings per share	*10*	**RMB 1.37**	RMB 0.25

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Profit for the year	**4,883,164**	531,012
Other comprehensive income:		
Item that may be reclassified subsequently to profit or loss		
Fair value (losses)/gains on available-for-sale financial assets	**(7,317)**	1,521
Item reclassified to profit or loss		
Transfer of fair value gains previously credited to reserve to statement of profit or loss upon disposal of available-for-sale financial assets	**(1,259)**	–
	(8,576)	1,521
Total comprehensive income for the year	**4,874,588**	532,533
Attributable to:		
Owners of the Company	**4,830,504**	723,648
Non-controlling interests	**44,084**	(191,115)
	4,874,588	532,533

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2017	2016
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Leasehold land and land use rights	*12*	**187,311**	193,123
Property, plant and equipment	*12*	**8,160,582**	8,038,406
Investment properties	*12*	**238,920**	6,549
Intangible assets	*12*	**94,132**	94,370
Investment in associates and a joint venture		**157,921**	55,632
Available-for-sale financial assets		**432,111**	489,555
Prepayments, deposits and other receivables	*13*	**–**	13,000
Deferred income tax assets		**179,339**	155,880
Total non-current assets		**9,450,316**	9,046,515
Current assets			
Properties under development and held for sale	*14*	**282,019**	1,419,113
Inventories	*15*	**3,069,897**	3,334,350
Trade receivables	*16*	**693,932**	482,813
Prepayments, deposits and other receivables	*13*	**1,422,590**	1,405,123
Amounts due from related parties		**173,951**	16,671
Prepaid current income tax		**80,101**	28,814
Loan receivables	*17*	**–**	401,000
Notes receivable – bank acceptance notes	*16*	**3,282,570**	2,339,669
Derivative financial instruments		**209**	6,220
Financial assets at fair value through profit or loss	*18*	**2,766,237**	387,458
Restricted bank balances		**417,151**	890,617
Cash and cash equivalents		**2,766,396**	1,290,199
Total current assets		**14,955,053**	12,002,047
Total assets		**24,405,369**	21,048,562
EQUITY			
Equity attributable to owners of the Company			
Share capital		**364,762**	311,853
Share premium		**2,820,785**	2,192,131
Other reserves		**1,744,091**	1,703,308
Retained earnings		**8,982,541**	5,048,806
		13,912,179	9,256,098
Non-controlling interests		**192,589**	108,443
Total equity		**14,104,768**	9,364,541

CONSOLIDATED BALANCE SHEET (CONTINUED)

		As at 31 December	
		2017	2016
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**235,500**	246,500
Other long-term payables		–	615,194
Deferred revenue		**111,664**	78,107
Amount due to a related party		–	51,859
Deferred income tax liabilities		**38,805**	42,204
Total non-current liabilities		**385,969**	1,033,864
Current liabilities			
Trade payables	*19*	**3,517,538**	5,425,323
Accruals, advances and other current liabilities		**3,301,480**	3,368,510
Amounts due to related parties		**73,251**	27,266
Current income tax liabilities		**916,449**	122,918
Derivative financial instruments		**9,036**	15,669
Other long-term payables – current portion		**206,540**	551,392
Borrowings		**1,890,206**	1,134,507
Dividends payable		**132**	4,572
Total current liabilities		**9,914,632**	10,650,157
Total liabilities		**10,300,601**	11,684,021
Total equity and liabilities		**24,405,369**	21,048,562

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 ("**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 (the "**Stock Exchange**") 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. Real estate business of the Group is mainly in the PRC.

These consolidated financial statements are presented in thousands of units of RMB, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board on 28 March 2018.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRS**") issued by Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance Cap 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain available-for-sale financial assets, financial assets at fair value through profit or loss and derivative financial instruments, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) New and amended standards adopted by the Group

The following new and amended standards are mandatory for the first time for the financial year beginning on 1 January 2017:

HKAS 7 (Amendments)	Statement of cash flows
HKAS 12 (Amendments)	Income taxes
HKFRS 12 (Amendment)	Disclosure of interest in other entities

Amendments and interpretations as mentioned above are not expected to have a material effect on the Group's operating results, financial position or comprehensive income.

(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:

		Effective for annual periods beginning on or after
HKFRS 1 (Amendment)	First time adoption of HKFRS	1 January 2018
HKFRS 2 (Amendments)	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 4 (Amendments)	Insurance contracts	1 January 2018
HKFRS 9 *(i)*	Financial instruments	1 January 2018
HKFRS 15 *(ii)*	Revenue from contracts with customers	1 January 2018
HK(IFRIC) 22	Foreign currency transactions and advance consideration	1 January 2018
HKAS 28 (Amendment)	Investments in associates and joint ventures	1 January 2018
HKAS 40 (Amendments)	Transfers of investment property	1 January 2018
HKFRS 16 *(iii)*	Leases	1 January 2019
HK(IFRIC) 23	Uncertainty over income tax treatments	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
HKFRS 17	Insurance contracts	1 January 2021 or when apply HKFRS 15 and HKFRS 9

None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for 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 undertook 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.

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.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("**ECL**") 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. Based on the assessments undertaken to date, the Group does not expect material change to the loss allowance for trade debtors.

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.

(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 annual reporting periods beginning on or after 1 January 2018.

Based on the assessments undertaken to date, management does not expect significant impact of applying the new standard on the Group's financial statements.

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.

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 of RMB 319 million. 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 financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other HKFRSs or HK (IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

3. SALES AND SEGMENT INFORMATION

(a) 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 years ended 31 December 2017 and 2016 were as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Sales		
– Strips and strip products	**12,454,251**	8,734,682
– H-section steel products	**10,771,405**	7,300,486
– Rebar	**6,801,032**	3,265,882
– Billets	**4,006,271**	2,852,695
– Iron ore	**2,458,149**	1,931,434
– Sheet piling	**1,475,948**	565,734
– Cold rolled sheets and galvanised sheets	**1,357,813**	929,314
– Real estate	**1,138,091**	211,830
– Others	**889,636**	635,386
	41,352,596	26,427,443

(b) 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 annual financial statements.

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

	Year ended 31 December 2017		
	Iron and steel	**Real estate**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Revenue	**40,214,505**	**1,138,091**	**41,352,596**
Segment results:			
Operating profit	**6,309,884**	**95,311**	**6,405,195**
Finance income/(costs) – net	**2,925**	**(779)**	**2,146**
Share of results of associates and a joint venture	**389**	**–**	**389**
Profit before income tax			**6,407,730**
Income tax expense			**(1,524,566)**
Profit for the year			**4,883,164**
Other profit or loss items			
Depreciation and amortisation	**1,066,562**	**1,555**	**1,068,117**
Capital expenditure	**1,173,580**	**8,028**	**1,181,608**

	Year ended 31 December 2016		
	Iron and steel	Real estate	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue	26,215,613	211,830	26,427,443
Segment results:			
Operating profit/(loss)	1,146,253	(18,014)	1,128,239
Finance (costs)/income – net	(73,529)	1,260	(72,269)
Share of results of associates	(1,022)	–	(1,022)
Profit before income tax			1,054,948
Income tax expense			(523,936)
Profit for the year			531,012
Other profit or loss items			
Depreciation and amortisation	1,082,917	1,750	1,084,667
Impairment of property, plant and equipment	809,790	–	809,790
Capital expenditure	810,850	21	810,871

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, prepayments, deposits and other receivables, inventories, trade 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.

The segment assets and liabilities as at 31 December 2017 were as follows:

	Iron and steel *RMB'000*	Real estate *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Segment assets	**20,261,026**	**776,629**	**(90,283)**	**20,947,372**
Segment assets for reportable segments				**20,947,372**
Unallocated:				
Deferred income tax assets				**179,339**
Available-for-sale financial assets				**432,111**
Derivative financial instruments				**209**
Financial assets at fair value through profit or loss				**2,766,237**
Prepaid current income tax				**80,101**
Total assets per balance sheet				**24,405,369**
Segment liabilities	**6,936,633**	**364,123**	**(90,283)**	**7,210,473**
Segment liabilities for reportable segments				**7,210,473**
Unallocated:				
Current income tax liabilities				**916,449**
Current borrowings				**1,890,206**
Non-current borrowings				**235,500**
Derivative financial instruments				**9,036**
Dividends payable				**132**
Deferred income tax liabilities				**38,805**
Total liabilities per balance sheet				**10,300,601**

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

	Iron and steel	Real estate	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	17,941,495	1,811,238	(173,098)	19,579,635
Segment assets for reportable segments				19,579,635
Unallocated:				
Deferred income tax assets				155,880
Available-for-sale financial assets				489,555
Derivative financial instruments				6,220
Financial assets at fair value through profit or loss				387,458
Loan receivables				401,000
Prepaid current income tax				28,814
Total assets per balance sheet				21,048,562
Segment liabilities	8,974,275	1,316,474	(173,098)	10,117,651
Segment liabilities for reportable segments				10,117,651
Unallocated:				
Current income tax liabilities				122,918
Current borrowings				1,134,507
Non-current borrowings				246,500
Derivative financial instruments				15,669
Dividends payable				4,572
Deferred income tax liabilities				42,204
Total liabilities per balance sheet				11,684,021

4. EXPENSES BY NATURE

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Employee benefit expense	**1,135,058**	1,096,917
Changes in inventories of finished goods and work in progress	**729,103**	(250,219)
Raw materials used	**28,671,170**	20,055,941
Cost of properties sold	**1,001,932**	186,919
Utilities	**1,509,392**	1,818,390
Depreciation of property, plant and equipment *(Note 12)*	**1,044,742**	1,068,590
Amortisation of intangible assets *(Note 12)*	**10,647**	10,246
Amortisation of leasehold land and land use rights *(Note 12)*	**5,812**	5,390
Depreciation of investment properties *(Note 12)*	**6,916**	441
Operating lease expenses in respect of land use rights	**2,546**	1,850
Provision for impairment of trade receivables *(Note 16)*	**13,506**	16,967
Impairment provision of prepayments, deposits and other receivables *(Note 13)*	**121,725**	231,713
Provision for write-down of inventories to net realisable value *(Note 15)*	**29,298**	–
Auditors' remuneration		
– Audit services	**4,036**	4,050
– Non-audit services	**135**	143
Rental fee	**396,865**	108,535
Tax	**120,983**	85,549
Technical consulting fee	**51,133**	24,096
Export fee	**15,153**	39,474
Others	**202,754**	179,214
Total	**35,072,906**	24,684,206

5. OTHER INCOME

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Dividend income from available-for-sale financial assets	**19,765**	–
Rental income from investment properties	**11,059**	2,574
Interest income from available-for-sale financial assets	**6,590**	3,525
Others	**247**	30
Total	**37,661**	6,129

6. (LOSSES)/GAINS FROM DERIVATIVE FINANCIAL INSTRUMENTS

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Investment (losses)/gains from foreign currency forward contracts *(a)*	**(25,829)**	2,879
Investment (losses)/gains from iron ore swap contracts *(b)*	**(12,518)**	3,284
Investment (losses)/gains from iron ore and rebar future contracts *(c)*	**(36,849)**	29,669
Total	**(75,196)**	35,832

(a) As at 31 December 2017, realised losses amounted to RMB 22.5 million and unrealised losses amounted to RMB 3.3 million (2016: realised gains amounted to RMB 5.6 million and unrealised losses amounted to RMB 2.7 million) were derived from foreign currency forward contracts. A derivative financial liability of RMB 3.3 million was recognised on balance sheet as at 31 December 2017 accordingly.

(b) As at 31 December 2017, realised losses amounted to RMB 12.6 million and unrealised gains amounted to RMB 0.1 million (2016: realised losses amounted to RMB 2.1 million and unrealised gains amounted to RMB 5.4 million) were derived from iron ore swap contracts. A derivative financial asset of RMB 0.1 million was recognised on balance sheet as at 31 December 2017 accordingly.

(c) As at 31 December 2017, realised losses amounted to RMB 31.2 million and unrealised losses amounted to RMB 5.6 million (2016: realised gains amounted to RMB 41.8 million and unrealised losses amounted to RMB 12.1 million) were derived from iron ore and rebar future contracts. A derivative financial asset of RMB 0.1 million and a derivative financial liability of RMB 5.7 million were recognised on balance sheet as at 31 December 2017 accordingly.

7. OTHER GAINS/(LOSSES) – NET

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Government grants	**155,748**	51,570
Losses on repurchase of Senior Notes	**–**	(1,041)
Loss on disposal of available-for-sale financial assets	**(1,881)**	–
Fair value gain/(loss) of financial assets at fair value through profit or loss	**2,162**	(342)
Investment income on financial assets at fair value through profit or loss	**53,083**	8,838
Gains on disposal of property, plant and equipment	**1,752**	4,763
Losses of raw materials and by-products	**(4,875)**	(2,902)
Other foreign exchange (losses)/gains – net	**(20,876)**	52,819
Impairment of property, plant and equipment *(Note 12)*	**–**	(809,790)
Gains on disposal of the subsidiaries	**–**	31,487
Others, net	**(22,073)**	7,639
Total other gains/(losses) – net	**163,040**	(656,959)

8. FINANCE INCOME AND COSTS

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Interest expenses		
– borrowings	**(59,341)**	(78,161)
– discount of notes receivable	**(14,780)**	(23,965)
– finance lease liabilities	**(26,953)**	(77,634)
Net foreign exchange gains/(losses) on borrowings	**17,048**	(28,663)
Finance costs	**(84,026)**	(208,423)
Less: amounts capitalised as qualifying assets	**5,171**	26,261
Total finance costs	**(78,855)**	(182,162)
Interest income		
– bank deposits	**23,451**	36,464
– trade receivables	**–**	3,717
– prepayments, deposits and other receivables	**12,393**	20,772
– loan receivables	**45,157**	48,940
Total finance income	**81,001**	109,893
Finance income/(costs) – net	**2,146**	(72,269)

9. INCOME TAX EXPENSE

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax (the "**EIT**")	**1,546,068**	295,042
– Singapore profit tax	**5,356**	6,954
Deferred income tax	**(26,858)**	221,940
	1,524,566	523,936

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 directly held by the Company were incorporated in British Virgin Islands ("**BVI**") with limited liability under the International Business Companies Act Chapter 291 and, accordingly, 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 year ended 31 December 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.

China Oriental Singapore Pte. Limited ("**China Oriental Singapore**") has been awarded the "Global Trader Programme" 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 EIT is calculated based on the statutory profit of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations, after adjustments on certain income and expense items which are not assessable or deductible for income tax purposes. The EIT rate applicable to the subsidiaries incorporated in the PRC is 25% (2016: 25%).

Zhongjin Finance Leasing Company Limited ("**Zhongjin Leasing**") qualified as a key encouraged industry enterprise and was established in an economically difficult zone. As approved by local tax authority in 2017, Zhongjin Leasing was entitled to a four year full tax exemption, from 2017 to 2020. As at 31 December 2017, the effective rate of Zhongjin Leasing was nil (2016: 25%).

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 23.26% (2016: 21.79%) to respective profits of the consolidated entities for the years ended 31 December 2017 and 2016 as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Profit before taxation	**6,407,730**	1,054,948
Taxation calculated at statutory tax rate	**1,490,334**	229,826
Temporary difference and tax losses for which no deferred income tax asset was recognised	**70,550**	281,126
Withholding tax of investment in associates	**906**	9,331
Utilisation of previously unrecognised tax losses	**(27,880)**	(15,337)
Write-off of deferred income tax asset recognised in prior years	**–**	11,695
Withholding tax of intra-group interest	**286**	1,387
Effect of non-taxable income	**(14,180)**	(2,964)
Effect of non-deductible expenses	**4,550**	8,872
	1,524,566	523,936

10. 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 year.

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Profit attributable to owners of the Company	**4,839,080**	722,127
Weighted average number of ordinary shares in issue *(thousands)*	**3,471,628**	2,931,425
Basic earnings per share *(RMB per share)*	**1.39**	0.25

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. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Profit attributable to owners of the Company	**4,839,080**	722,127
Weighted average number of ordinary shares in issue used in calculating basic earnings per share *(thousands)*	**3,471,628**	2,931,425
Adjustments for options *(thousands)*	**55,152**	–
Weighted average number of ordinary shares and potential ordinary shares issued as the denominator in calculating diluted earnings per share *(thousands)*	**3,526,780**	2,931,425
Diluted earnings per share *(RMB per share)*	**1.37**	0.25

11. DIVIDENDS

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Interim, paid *(a)*	**390,625**	–
Final, paid *(b)*	**–**	458,422
Final, proposed *(c)*	**982,992**	–

(a) At a meeting held on 22 August 2017, the Board declared an interim dividend of HK$ 457.8 million (approximately RMB 390.6 million), representing HK$ 0.13 per ordinary share in respect of the six months ended 30 June 2017 (2016: nil).

(b) At a meeting held on 31 March 2017, the Board proposed a final dividend of HK$ 175.9 million (approximately RMB 152.8 million), representing HK$ 0.05 per ordinary share and a special dividend of HK$ 351.8 million (approximately RMB 305.6 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 year.

(c) At a meeting held on 28 March 2018, the Board proposed a final dividend of HK$ 818.9 million (approximately RMB 655.3 million), representing HK$ 0.22 per ordinary share and a special dividend of HK$ 409.5 million (approximately RMB 327.7 million), representing HK$ 0.11 per ordinary share in respect of the year ended 31 December 2017.

12. CAPITAL EXPENDITURE

	Leasehold land and land use rights	**Property, plant and equipment**	**Investment properties**	**Intangible assets**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Year ended 31 December 2017				
Opening carrying amount as at 1 January 2017	**193,123**	**8,038,406**	**6,549**	**94,370**
Additions	**–**	**1,173,199**	**8,000**	**10,409**
Transfer from completed properties held for sale	**–**	**–**	**231,287**	**–**
Disposals	**–**	**(6,281)**	**–**	**–**
Depreciation and amortisation *(Note 4)*	**(5,812)**	**(1,044,742)**	**(6,916)**	**(10,647)**
Closing carrying amount as at 31 December 2017	**187,311**	**8,160,582**	**238,920**	**94,132**
Year ended 31 December 2016				
Opening carrying amount as at 1 January 2016	140,422	8,260,356	6,990	79,464
Additions	–	810,871	–	–
Additions from acquiring a subsidiary	58,091	852,385	–	25,152
Disposals	–	(6,826)	–	–
Depreciation and amortisation *(Note 4)*	(5,390)	(1,068,590)	(441)	(10,246)
Impairment *(Note 7)*	–	(809,790)	–	–
Closing carrying amount as at 31 December 2016	193,123	8,038,406	6,549	94,370

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Non-current		
Prepayments for purchase of property, plant and equipment	**234,235**	234,235
Less: impairment provision *(Note 4)*	**(234,235)**	(234,235)
Prepayments for purchase of property, plant and equipment – net	**–**	–
Other receivables	**–**	13,000
	–	13,000
Current		
Prepayments for purchase of inventories	**966,826**	784,611
Other receivables	**643,591**	549,503
Less: impairment provision *(Note 4)*	**(437,551)**	(315,826)
Other receivables – net	**206,040**	233,677
Prepaid tax	**101,309**	214,370
Deposits	**139,144**	161,567
Prepaid expenses	**9,271**	10,898
	1,422,590	1,405,123
	1,422,590	1,418,123

The fair values of prepayments, deposits and other receivables approximated their carrying amounts as at the balance sheet date, as the impact of discounting is not significant.

14. PROPERTIES UNDER DEVELOPMENT AND HELD FOR SALE

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Properties under development comprise:		
– Construction costs	**4,615**	156,322
– Land use rights	**5,078**	53,412
– Interests capitalised	**–**	22,059
	9,693	231,793
Completed properties held for sale	**272,326**	1,187,320
	282,019	1,419,113

The properties under development and held for sale are all located in the PRC. The related land use rights are on leases of 40 to 70 years.

15. INVENTORIES

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Raw materials and materials in-transit	**1,606,787**	2,595,524
Work-in-progress	**726,916**	252,834
Finished goods	**771,926**	492,426
Less: impairment provision	**(35,732)**	(6,434)
Inventories – net	**3,069,897**	3,334,350

As at 31 December 2017, inventories with a net book value of RMB 74 million (2016: RMB 69 million) were pledged as security for the Group's notes payable (Note 19).

The cost of inventories recognised in cost of sales for the year ended 31 December 2017 amounted to RMB 33,049 million (2016: RMB 23,565 million).

For the year ended 31 December 2017, the Group recognised a loss of RMB 29 million, in respect of the write-down of inventories to their net realisable values (Note 4).

16. TRADE AND NOTES RECEIVABLES

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**734,284**	509,659
Less: impairment provision for trade receivables *(Note 4)*	**(40,352)**	(26,846)
Trade receivables – net	**693,932**	482,813
Notes receivable	**3,282,570**	2,339,669
Total trade and notes receivables, net of provision	**3,976,502**	2,822,482

The notes receivable are all bank acceptance notes. The settlement of the notes receivable were guaranteed by banks with maturity dates within six months and the credit risks of the notes receivable are considered low. As at 31 December 2017, approximately RMB 120 million (2016: RMB 358 million) were pledged as security for the Group's notes payable (Note 19) and approximately RMB 187 million (2016: nil) were pledged as security for the Group's borrowings.

The fair values of trade and notes receivables approximated their carrying amounts as at the balance sheet date, as the impact of discounting is not significant.

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 31 December 2017 and 2016, the ageing analysis of the gross amount of trade and notes receivables based on invoiced date was as follows:

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**3,276,146**	1,882,767
4-6 months	**617,670**	860,059
7-12 months	**63,711**	45,661
Over 1 year	**59,327**	60,841
	4,016,854	2,849,328

As at 31 December 2017, trade receivables amounting to RMB 116 million (2016: RMB 58 million) were secured by letters of credit issued by third party customers.

As at 31 December 2017, trade receivables of RMB 65 million (2016: RMB 30 million) were past due, of which amounting to RMB 31 million (2016: RMB 27 million) were fully impaired. The impaired receivables mainly relate to customers with financial difficulty.

As at 31 December 2017, trade receivables of RMB 6 million (2016: RMB 4 million) were past due but not impaired which related to a number of customers with no recent history of default. The ageing analysis of these trade receivables based on invoiced date was as follows:

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**–**	3,591
4-6 months	**5,764**	–
	5,764	3,591

17. LOAN RECEIVABLES

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Current		
Loan receivables *(a)*	**47,000**	448,000
Less: impairment provision *(b)*	**(47,000)**	(47,000)
Total loan receivables, net of provision	**–**	401,000

The Group provided loans to third parties. The details of the loans are set out below:

(a) Loan receivable of RMB 400 million as at 31 December 2016 was secured by the pledge of certain property, plant and equipment of the borrower, bearing interest at a rate of 12% per annum and was fully repaid in December 2017.

Loan receivables of RMB 47 million (2016: RMB 47 million) as at 31 December 2017 comprised various loans with individual amount ranging from RMB 7 million to RMB 20 million (2016: RMB 7 million to RMB 20 million), which were secured by the pledge of property, plant and equipment of the borrowers or guarantees of the borrowers or other parties, and interest bearing at rates ranging from 19.8% to 24.0% (2016: 19.8% to 24.0%) per annum.

(b) As at 31 December 2017, provisions amounting to RMB 47 million (2016: RMB 47 million) were made on the loan receivables given that the borrowers were in significant financial difficulty and had defaulted in scheduled payments and there was significant uncertainty of recovering the loan receivables by the enforcement of mortgage rights.

The fair values of loan receivables approximated their carrying amounts as at the balance sheet date, as the impact of discounting is not significant.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Money market funds	**1,299,193**	214,658
Financial investment products	**1,433,801**	172,800
Bond market funds	**33,243**	–
	2,766,237	387,458

19. TRADE PAYABLES

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Account payables	**2,622,132**	3,146,492
Notes payable	**895,406**	2,278,831
	3,517,538	5,425,323

As at 31 December 2017, all notes payable represented bank acceptance notes, of which RMB 114 million (2016: RMB 358 million) were secured by certain notes receivable (Note 16), RMB 715 million (2016: RMB 1,828 million) were secured by certain restricted bank balances, RMB 50 million (2016: RMB 93 million) were secured by certain inventories (Note 15) and certain restricted bank balances and RMB 16 million (2016: nil) were secured by certain restricted bank balances and certain notes receivable (Note 16).

As at 31 December 2017 and 2016, the ageing analysis of the trade payables was as follows:

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**1,956,761**	4,595,245
4-6 months	**1,197,120**	437,988
7-9 months	**107,547**	123,111
10-12 months	**75,793**	31,980
Over 1 year	**180,317**	236,999
	3,517,538	5,425,323

20. FINANCIAL GUARANTEE CONTRACTS

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Guarantee for bank borrowings of a third party	–	10,960

As at 31 December 2016, 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. The fair value of the financial guarantee is not significant.

21. COMMITMENTS

(a) Capital Commitments

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Purchase of property, plant and equipment		
– Contracted but not provided for	**413,854**	553,600
– Authorised but not contracted for	**269,334**	750,440
	683,188	1,304,040

(b) Commitments to properties under development

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Purchase of properties under development	**22,761**	106,649

(c) Operating Lease Commitments

The future aggregate minimum lease rental expenses in respect of land use rights, property, plant and equipment under non-cancellable operating leases are payable as follows:

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
No later than one year	**190,183**	10,341
Later than one year and no later than five years	**31,628**	31,687
Later than five years	**97,661**	105,479
	319,472	147,507

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2017 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2017. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Looking back 2017, it was a year full of opportunities for the PRC steel industry. The industry continued the recovery of 2016, and stayed optimistic throughout the year. Under the execution of Chinese government's "Supply-Side-Reform" Policy and reduction of overcapacity in the steel industry, plus complete crackdown of "Illegal Sub-Standard Steel" Policy, and also multiple environmental protection policies including winter production restriction policy, further solid achievement was crystallised and the supply and demand in the steel industry was further strengthened, resulted in structural reform in the steel industry. The production and operation of steel industry clearly improved. On the other hand, continued investment in infrastructure construction, positive sales in the real estate, etc., lead to inventory of the steel industry continually remained at relatively low level, resulted in continuous increase in steel prices. At the same time, benefited from structural reform, raw material prices had not followed steel prices' increase. Hence, steel industry's overall gross profit and net profit were able to substantially improve.

With this background, the Group continued to strive for optimisation in production cost, environmental protection and product mix, thereby enhancing the profit margin and sustainability of the operation. In this regard, the Group's results refreshed the best record since the Group's listing and achieved very substantial growth. The revenue was approximately RMB 41.4 billion for the year ended 31 December 2017, representing an increase of approximately 56.5% as compared with last year. Comparing with last year, the average selling price of self-manufactured steel products increased by approximately 51.0% to RMB 3,106 per tonne. The gross profit of the Group increased by approximately 172.7% to approximately RMB 7.29 billion. Profit of the Group for the year reached approximately RMB 4.88 billion, representing an increase of approximately 819.6% over last year of approximately RMB 531 million, which is the highest annual profit since listing of the Group in 2004. EBITDA of the Group also further improved from approximately RMB 3.02 billion of last year to approximately RMB 7.47 billion. Basic earnings per share reached RMB 1.39 per share (2016: RMB 0.25 per share).

During the year, the Company was awarded rank 241st in the top 2017 Fortune China 500 companies. In February 2018, the Group's subsidiary, Hebei Jinxi Iron and Steel Group Company Limited ("**Jinxi Limited**"), was elected by Government of Tangshan City as one of the three leading steel enterprises in Tangshan City.

Based on the operating results 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 Board proposed the distribution of 2017, a final dividend of HK$ 0.22 per share and a special dividend of HK$ 0.11 per share.

With respect to the steel business, the Group continued to invest substantial resources 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 investing in various projects to reduce emissions. The Group's section steel production volume was leading nationwide since 2009, and the Group continually participated in drafting the country's section steel standards previously. Apart from developing and optimising the new categories of the existing products, such as strips and section steel, the Group has also developed new products of sheet piling, steel pole for contact system of electrified railway, angles steel for electric tower, H-section steel for bracket of solar photovoltaic system, etc., which greatly enhanced the Group's competitiveness and profitability. At the same time, through conducting benchmarking analysis with overseas and nationwide corporations, the Group continuingly optimised product quality and production techniques. In addition, the Group has also been investing resources in its production facilities, energy recycling management and reusing, etc., in order to reduce energy consumption in the steel production process and satisfy emission requirements, and at the meantime increasing the Group's cost efficiency and also further carrying out its social responsibility.

The Group made its first investment in an upgrading project for sheet piling and ultra-large H-section steel products since 2016. It was designed to have an annual capacity of approximately 1.0 million tonnes and investment amount was expected to be approximately RMB 1.0 billion to RMB 1.5 billion. The primary 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 1,100mm, so as to further optimise the product mix, and fill the gap in domestic market for the high-end section steel products categories which were relying on imports. It commenced pilot production by the end of 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.

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, 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 RMB 810 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 2017. The annual steelmaking capacity of the Group is approximately 11 million tonnes. During 2017, the Group sold approximately 3.41 million tonnes of self-manufactured 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 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 year ended 31 December 2017, the Group recorded revenue and operating profit from real estate business of approximately RMB 1,138 million and RMB 95 million respectively.

For the year ended 31 December 2017, the revenue and gross profit arising from trading of steel products and iron ore of the Group were approximately RMB 2.82 billion (2016: approximately RMB 2.21 billion) and approximately RMB 129 million (2016: gross loss of approximately RMB 20 million) respectively.

In order to diversify its business, the Group has also set up Dongfang Jingyuan Electron Limited (previously identified as "Oriental Jingyuan Science Technology (Beijing) Co. Ltd.") and related subsidiaries to develop core technologies for semiconductor chip design and manufacturing process optimisation/equipment. Government grant from the Chinese government has been obtained in 2017. The Group would continue to explore the development potential of this project.

Finally, with the new highs of annual 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.

Business review

Sales analysis on self-manufactured steel products

Sales Volume

In 2017, the total sales volume was 11,754,000 tonnes (2016: 11,357,000 tonnes), representing an increase of approximately 3.5%.

The sales volume breakdown during the year was as follows:

	2017 Sales volume *('000 tonnes)*		2016 Sales volume *('000 tonnes)*		Changes in sales volume *Increase/ (Decrease)*
H-section steel products	**3,413**	**29.0%**	3,247	28.6%	5.1%
Strips and strip products	**4,111**	**35.0%**	4,381	38.6%	(6.2%)
Billets	**1,407**	**12.0%**	1,526	13.4%	(7.8%)
Cold rolled sheets and galvanised sheets	**306**	**2.6%**	291	2.6%	5.2%
Rebar	**2,158**	**18.4%**	1,712	15.1%	26.1%
Sheet piling	**359**	**3.0%**	200	1.7%	79.5%
Total	**11,754**	**100%**	11,357	100%	3.5%

During the year of 2017, the Group's production capacity was approximately 11 million tonnes per annum.

Revenue

Revenue in 2017 was RMB 36,504 million (2016: RMB 23,367 million), representing an increase of approximately 56.2%. Export to foreign countries contributed revenue of RMB 923 million (2016: RMB 2,220 million), representing approximately 2.5% (2016: 9.5%) of revenue from sales of self-manufactured steel products.

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

	2017		2016		Changes	
	Revenue *(RMB million)*	**Average selling price *(RMB/tonne)***	Revenue *(RMB million)*	Average selling price *(RMB/tonne)*	Revenue *Increase*	Average selling price
H-section steel products	**10,673**	**3,127**	7,121	2,193	49.9%	42.6%
Strips and strip products	**12,454**	**3,030**	8,735	1,994	42.6%	52.0%
Billets	**3,954**	**2,810**	2,785	1,826	42.0%	53.9%
Cold rolled sheets and galvanised sheets	**1,239**	**4,049**	929	3,189	33.4%	27.0%
Rebar	**6,801**	**3,151**	3,231	1,887	110.5%	67.0%
Sheet piling	**1,383**	**3,847**	566	2,834	144.3%	35.7%
Total/combined	**36,504**	**3,106**	23,367	2,057	56.2%	51.0%

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 51.0% to RMB 3,106 per tonne in 2017 from RMB 2,057 per tonne in 2016 and an increase in the sale volume of the Group's products by 3.5% to approximately 11.8 million tonnes in 2017 from approximately 11.4 million tonnes in 2016. The increase in average selling price and sales volume of the Group's products were mainly due to the improved supply and demand in the PRC steel industry during 2017.

Cost of Sales and Gross Profit

The consolidated gross profit in 2017 was RMB 6,946 million (2016: RMB 2,650 million), representing an increase of approximately 162.1%.

Average unit cost per tonne, gross profit per tonne and gross profit margin during the year were as follows:

	2017			2016		
	Average unit cost *(RMB/tonne)*	**Gross profit per tonne** *(RMB)*	**Gross profit margin**	Average unit cost *(RMB/tonne)*	Gross profit per tonne *(RMB)*	Gross profit margin
H-section steel products	**2,548**	**579**	**18.5%**	1,935	258	11.8%
Strips and strip products	**2,364**	**666**	**22.0%**	1,675	319	16.0%
Billets	**2,458**	**352**	**12.5%**	1,777	49	2.7%
Cold rolled sheets and galvanised sheets	**3,938**	**111**	**2.7%**	2,984	205	6.4%
Rebar	**2,469**	**682**	**21.6%**	1,760	127	6.7%
Sheet piling	**3,206**	**641**	**16.7%**	2,513	321	11.3%
Combined	**2,515**	**591**	**19.0%**	1,824	233	11.3%

In 2017, gross profit per tonne of the Group's products increased to RMB 591 from RMB 233 in 2016, reflecting an increase of 153.6%. In 2017, gross profit margin increased to 19.0% from 11.3% in 2016. The 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 in 2017.

Property Development

In 2017, the Group had completed Gross Floor Area ("**GFA**") of 85,952 m^2. The status of the completed GFA by project is set out as follow:

No.	City	Property project	Phase of project	Total GFA *(m^2)*
1	Tangshan	Donghu Bay	Phase 3	85,952

For the year ended 31 December 2017, the revenue from real estate business of the Group amounted to approximately RMB 1,138 million. The GFA of properties delivered was 141,648 m^2. The average selling price of properties delivered was approximately RMB 8,000 per m^2.

As at 31 December 2017, the Group had the following project under construction with a GFA of approximately 8,900 m^2:

No.	City	Property project	Phase of project	GFA under Construction *(m^2)*	Estimate time of completion
1	Tangshan	Donghu Bay	Phase 3	8,917	December 2018

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

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 31 December 2017, the Group had unutilised banking facilities of approximately RMB 2.0 billion (2016: RMB 1.0 billion).

As at 31 December 2017, the current ratio of the Group, representing current assets divided by current liabilities, was 1.5 (2016: 1.1) and the gearing ratio, representing total liabilities divided by total assets, was 42.2% (2016: 55.5%).

As at 31 December 2017, the cash and cash equivalents of the Group amounted to approximately RMB 2,766 million (2016: approximately RMB 1,290 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 Structure

As at 31 December 2017, borrowings of RMB 1,882 million of the Group bore fixed interest rates ranged from 1.77% to 6.00% per annum and borrowings of RMB 244 million of the Group bore floating rates of 4.75% 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 year ended 31 December 2017 and 2016.

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 loans from related parties. The Group regards its non-current borrowings, non-current portion of other long-term payables, non-current portion of loan from a related party and its equity attributable to owners of the Company as its total capital. As at 31 December 2017, the debt-to-capital ratio of the Group was 16.9% (2016: 25.8%).

The consolidated interest expenses and capitalised interest in 2017 amounted to RMB 101 million (2016: RMB 180 million). The interest coverage (divide profit for the year before finance income/(costs) – net and income tax expense by total interest expenses) was 63.4 times (2016: 6.3 times).

Commitments

As at 31 December 2017, the Group had total commitments of RMB 1,025 million (2016: RMB 1,558 million). It is estimated the commitments will be financed by the Group's internal resources and unutilised banking facilities.

Guarantee and Contingent Liabilities

As at 31 December 2017, the Group had no contingent liabilities (2016: The Group's contingent liabilities amounted to approximately RMB 11 million, which was the provision of guarantee for bank borrowings in favor of a third party).

Pledge of Assets

As at 31 December 2017, the net book value of the Group's leasehold land and land use rights amounting to approximately RMB 54 million (2016: RMB 56 million), property, plant and equipment amounting to approximately 859 million (2016: RMB 975 million), inventories amounting to approximately RMB 74 million (2016: approximately RMB 69 million), notes receivable amounting to approximately RMB 307 million (2016: approximately RMB 358 million) and restricted bank balances amounting to approximately RMB 417 million (2016: approximately RMB 891 million) had been pledged as security for the Group's notes payable issuing, banking 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 the continuous fluctuation of the RMB exchange rate against USD, during the year ended 31 December 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 continuous fluctuation of iron ore price in 2017, the Group has been cautious in entering into iron ore swap contracts so as to reduce the risk of potential negative impact of the iron ore swap contracts.

DIVIDEND

The Board proposed a final dividend of HK$ 818.9 million (approximately RMB 655.3 million), representing HK$ 0.22 per ordinary share and a special dividend of HK$ 409.5 million (approximately RMB 327.7 million), representing HK$ 0.11 per ordinary share in respect of the year ended 31 December 2017 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Tuesday, 12 June 2018. The final dividend and special dividend, payable on or around Friday, 29 June 2018 are subject to approval of the shareholders of the Company at the forthcoming Annual General Meeting of the Company (the "**AGM**") to be held on Friday, 1 June 2018.

POST BALANCE SHEET EVENTS

Save as disclosed in this announcement, there are no events to cause material impact on the Group from the balance sheet date to the date of this announcement that should be disclosed.

USE OF PROCEEDS FROM SHARES PLACING

On 27 January 2017, the Company completed the placing of 586,284,000 new ordinary shares under general mandate. The net proceeds of the aforesaid placing were approximately RMB 653 million (after deducting relevant placing commission, professional fees and all related expenses). As at 31 December 2017, 100% of proceeds were utilised. Among the net proceeds used, (i) approximately RMB 457 million was utilised for capital expenditure; and (ii) approximately RMB 196 million was utilised for general working capital of the Group. The purpose of capital utilisation is consistent with the intended use of the placing.

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 of the PRC (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. 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 of the Company on 27 January 2017 (the "**Placing**").

The Directors (other than Mr. Ondra OTRADOVEC) would like to emphasise to the shareholders of the Company 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 (other than Mr. Ondra OTRADOVEC) will vigorously defend against any action that is founded on the basis that the Directors (other than Mr. Ondra OTRADOVEC) did not act properly and in the best interest of the Company and its shareholders as a whole.

On 14 March 2018 hearing was held in the Court and the Company is pending for the ruling from the judge. The Company will keep the shareholders and investors informed by separate announcement of any material development as and when appropriate.

Accreditation for the Company and its Management

For the year ended 31 December 2017, the Company was awarded rank 241st in the top 2017 Fortune China 500 companies; Jinxi Limited, a subsidiary of the Company is awarded the "2016 Mega Tax Payer of Tangshan City", the "Leading Enterprises in Cultural Establishment of Chinese Private Enterprises" and was elected as rank 27th in the top 50 "Belt and Road" enterprises in the《"Belt and Road" Big Data Report (2017)》by the State Information Center of China, and also awarded "A" grade super competitive enterprise in the "2017 Steel Enterprises Comprehensive Competitiveness Ratings" by the China Metallurgical Industry Planning and Research Institute.

In February 2018, Jinxi Limited, was elected by the Government of Tangshan City as one of the three leading steel enterprises in Tangshan City.

Human Resources and Remuneration Policies

As at 31 December 2017, the Group had a workforce of approximately 9,700 and temporary staff of approximately 2,500. 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.. Effective from July 2008, the

Group implemented a workers' injury insurance scheme and contributed 1.5% of the workers' wages to the Social Insurance Bureau. 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.

Future Prospects

Looking into 2018, steel prices will continue to fluctuate but with momentum for increases. According to the 2018 Government work report published by the State Council of the PRC ("Chinese Government"), there were reduction of steel production capacity of over 50 million tonnes in 2017. There will be further reduction of steel production capacity by approximately 30 million tonnes in 2018. According to "Adjustment and Upgrade Plan for the Iron and Steel Industry (2016-2020)" issued by the National Development and Reform Commission of China ("NDRC"), the crude steel production capacity should be net reduced by 100 to 150 million tonnes during 2016-2020. In 2016 and 2017, China completed steel production capacity cut of 115 million tonnes, and 140 million tonnes of "Illegal Sub-Standard Steel" production capacity has been completely eliminated in 2017. Coupling with the background of environmental protection policy such as "Air Pollution Prevention and Control Action Plan in Beijing, Tianjin, Hebei and Surrounding Regions for 2017-2018 Autumn and Winter Seasons" and continuous tightening of environmental protection emission standards, etc., strictly regulating of production capacity replacement and strictly prohibiting addition of new production capacity, the overall steel industry will be stepping into a healthier development, continuously bringing along structural reform for China's steel industry. At the meantime, although there are uncertainty shown in infrastructure construction and real estate sector investment at the beginning of 2018, it is expected that the steel prices will fluctuate but the overall operating environment would stay optimistic. The steel industry will still stay positive.

Under such backdrop, the Group will proactively follow Chinese Government's policy, and plan to maintain its competitiveness and gain a 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, enhancing internal management and optimising the utilisation of internal resources, continuously improving the environmental protection equipment, etc.. 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 believes the overall business environment will improve continuously, bringing stable demands for the Group.

The Group will continue to focus on the development of high-end section steel products in 2018, completing different standards of H-section steel development certifications, gradually completing angles steel and channel steel product series and specifications, further consummating sheet piling products categories, developing U, Z and Hat-type sheet piling products series of 600*210mm to 750*220mm. At the same time, the Group will also develop hot-rolled round steel, hot-rolled anchor blot and scres-thread steel bar, etc., with reference to market situation.

The Group also plans, apart from routine capital expenditure, investing approximately RMB 1.0 billion to RMB 1.5 billion in environmental protection and related production equipment transformation in 2018, including sintering, iron-marking, steel-making, hot-rolling as well as the plant area, etc., so as to further promote environmental protection emission standards, response to China's emphasis on the environmental protection, enhance the Group's core competitiveness and carry out the corporate's social responsibility.

Since its listing in 2004, the Group has continued to expand its business, diversify its steel product categories and business portfolio. During the last 14 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 rebars. The Group is constantly developing products of different series and specifications to meet market needs. Moreover, the H-section steel products of the Group maintains 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.

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 for the year ended 31 December 2017.

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 Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") throughout the year ended 31 December 2017, save for the following deviations:

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 A.4.2 of the CG Code, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Article 86(2) of the Bye-laws of the Company (the "**Bye-laws**") provides that, amongst other things, the directors shall have the power from time to time and at any time to appoint any person as a director, either to fill a casual vacancy on the Board, or, subject to authorisation by the shareholders in general meeting, as an addition to the existing Board. Any director so appointed by the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. In light of the Bye-laws, any director so appointed as aforesaid shall hold office until the next annual general meeting. This constitutes as a deviation from code provision of A.4.2 of the CG Code. Given the time between filling a causal vacancy and the next general meeting was generally too short to require a re-election, therefore the Company adopts the re-election to take place at the next annual general meeting instead. The Company believes that it is in the best interest of the Company's shareholders to transact this ordinary course of business in the annual general meeting.

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 year ended 31 December 2017. During the year, 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 Board 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.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 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 year ended 31 December 2017.

AUDIT COMMITTEE

During the year ended 31 December 2017, the audit committee of the Company ("**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 consolidated financial statements for the year ended 31 December 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 consolidated financial statements have been prepared in accordance with the applicable accounting standards, the Listing Rules and the statutory requirements and that adequate disclosures will be made in the 2017 annual report.

ANNUAL GENERAL MEETING

The forthcoming AGM will be held on Friday, 1 June 2018. For the details, please refer to the notice of the AGM which will be published and dispatched to the shareholders of the Company as soon as practicable in accordance with the Company's articles of association and the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

(a) For determining the entitlement to attend and vote at the forthcoming AGM

The register of members of the Company will be closed from Tuesday, 29 May 2018 to Friday, 1 June 2018 (both days inclusive), during which period no transfer of shares of the Company may be registered, for the purposes of ascertaining shareholders' entitlement to attend and vote at the forthcoming AGM. In order to be eligible to attend and vote at the forthcoming AGM, 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 Monday, 28 May 2018.

(b) For determining the entitlement to the final dividend and special dividend

The register of members of the Company will be closed from Friday, 8 June 2018 to Tuesday, 12 June 2018 (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 final dividend and special dividend. The record date for the proposed final dividend and special dividend shall be Tuesday, 12 June 2018. In order to qualify for the proposed final dividend and special 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 Thursday, 7 June 2018.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT FOR 2017

The annual results announcement of the Company for the year ended 31 December 2017 is published on both the websites of the Company (www.chinaorientalgroup.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2017 will be dispatched to the shareholders of the Company and published on the aforesaid websites in due course.

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 announcement, 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.

APPRECIATION

The Board would like to extend its heartfelt gratitude to all of its staff for their hard work and dedication to the Group, and to its shareholders for their continuous support and trust in the Company.

By order of the Board
China Oriental Group Company Limited
HAN Jingyuan
Chairman and Chief Executive Officer

Hong Kong, 28 March 2018

As at the date of this announcement, the Board of Directors of the Company comprises Mr. HAN Jingyuan, Mr. ZHU Jun, Mr. SHEN Xiaoling, Mr. ZHU Hao and Mr. HAN Li being the Executive Directors, Mr. Ondra OTRADOVEC being the Non-executive Director and Mr. WONG Man Chung, Francis, Mr. WANG Tianyi and Mr. WANG Bing being the Independent Non-executive Directors.