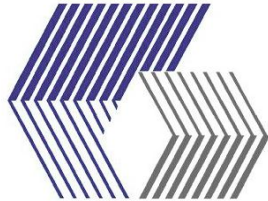


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CHINA ORIENTAL GROUP COMPANY LIMITED

中國東方集團控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code : 581)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board of Directors (The “Board”) hereby advises the shareholders and potential investors of the Company that based on the unaudited management accounts of the the Group, it is expected the net profit for the six months ended 30 June 2012 will be significantly lower than the net profit recorded in the six months ended 30 June 2011.

The information contained in this announcement is only a preliminary assessment based on the unaudited management accounts of the Group which have not been reviewed nor audited by the Company’s auditors.

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares of the Company.

China Oriental Group Company Limited (The “Company” and together with its subsidiaries collectively known as the “Group”) made this announcement pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Board hereby advises the shareholders and potential investors of the Company that based on the unaudited management accounts of the Group, it is expected the net profit for the six months ended 30 June 2012 will be significantly lower than the net profit recorded in the six months ended 30 June 2011. The reasons for the drop in net profit are (1) the problem of overcapacity in the steel industry in the Mainland China still exists and this led to a compression on average selling prices charged by the market participants. The increment in costs cannot be fully recovered from the end

customers thereon; (2) iron ore (one of the main raw materials for steel products) prices still remained at a high level and (3) the global economy, included the Mainland China, the country where the major source of income of the Group is generated, has attained a more obvious slowdown trend.

The Board considers the financial and operation status of the Group remain sound after considering the amount of bank balance, unutilised banking facilities available to the Group and notes receivables (The settlement of the notes receivables were guaranteed by banks and readily convertible into cash). On the other hand, the Group will maintain its competitiveness through placing effort on continuous improvement in its production efficiency, adjusting its steel product mix and pressing down all the other production costs.

The interim result of the Group for the six months ended 30 June 2012 is to be announced in August 2012.

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares of the Company.

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

Hong Kong, 18 July 2012

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, Mr. Vijay Kumar Bhatnagar and Mr. Liu Lei being the Non-Executive Directors and Mr. Yu Tung Ho, Mr. Wong Man Chung, Francis and Mr. Wang Tianyi being the Independent Non-Executive Directors.

This announcement is published on the websites of the Company (www.chinaorientalgroup.com) and the Stock Exchange (www.hkexnews.hk).

**For identification purposes only*