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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(2) of the Listing Rules and the “Inside Information Provision” (as defined under the Listing Rules) under Part XIVA of the SFO.

The Board of Directors hereby advises shareholders of and potential investors in the Company that, based on the unaudited management accounts of the Group for the eleven months ended 30 November 2013 and the performance of the Group in December 2013, it is expected that the Group is likely to experience a substantial decline in profit or may even incur a loss in the year of 2013 as compared to the profit made in the year of 2012.

The information contained in this announcement is only a preliminary assessment based on the unaudited management accounts of the Group for the eleven months ended 30 November 2013 and the performance of the Group in December 2013 which have neither been reviewed nor audited by the Company’s independent auditor.

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**”) is issuing this announcement pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and the “Inside Information Provision” (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance of Hong Kong (“**SFO**”).

In light of the operational environment in the steel industry in the Mainland China, the board of the director(s) of the Company (the “**Board**”) hereby advises shareholders of and potential investors in the Company that based on the unaudited management accounts of the Group for the eleven months ended 30 November 2013 and the performance of the Group in December 2013, it is expected that the Group is likely to experience a substantial decline in profit or may even incur a loss in the year of 2013 as compared to the profit made in the year of 2012. Such expected substantial decline in profit or may even incur a loss in the year of 2013 was mainly due to:

- (1) the weak demand in the steel products in the Mainland China which led to a decrease in the sale volume and the average selling prices of the steel products of the Group during the year ended 31 December 2013 as compared to that of 2012; and
- (2) potential impairment and provisions made on certain fixed assets and receivables.

Taking into consideration 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), the Board considers that the financial and operation status of the Group remains sound. On the other hand, the Group will strive to maintain its competitiveness through continuous improvement in its production efficiency, adjustments in its steel product mix and reduction of other production costs.

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

Hong Kong, 10 January 2014

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. Vijay Kumar BHATNAGAR being the Non-executive Director and Mr. WONG Man Chung, Francis, Mr. WANG Tianyi and Mr. ZHOU Guoping 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*