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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 ALERT

This announcement is made by China Oriental Group Company Limited (the "**Company**", together with its subsidiaries, the "**Group**"), pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") would like to inform the shareholders of the Company and potential investors that, based on a preliminary review of the Group's unaudited consolidated management accounts for the ten months ended 31 October 2016 and information currently available to the Board, the Group is expected to record a substantial decrease in net profit for the six months ended 31 December 2016 as compared with the net profit recorded for the six months ended 30 June 2016. However, the Group is still expected to record a net profit for the year ended 31 December 2016 as compared with a net loss for the year ended 31 December 2015.

Based on the information available to date, the expected substantial decrease in net profit of the Group for the six months ended 31 December 2016 as compared with the net profit recorded for the six months ended 30 June 2016 is mainly attributable to, among other things, substantial impairment losses on certain fixed assets of the Group due to the shutdown of certain production facilities of the Group in October 2016 and anticipated further shutdown of certain production facilities of the Group in 2017 in accordance with the assignments on resolving excess production capacity in the steel industry imposed by the government of the People's Republic of China, as further detailed in the Company's announcement dated 28 October 2016.

This profit alert announcement is based on the preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group for the ten months ended 31 October 2016 and the information currently available to the Company, which have not been audited or reviewed by the Company's auditor or the audit committee of the Board, and is therefore subject to change and adjustments.

Shareholders of the Company and potential investors are advised to read carefully the announcement of annual results of the Group for the year ending 31 December 2016 which is expected to be published before the end of March 2017.

**Shareholders of the Company and potential investors are advised to 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, 29 December 2016

*As at the date of this announcement, the Board 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.*

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

**For identification purposes only*