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）

POSITIVE 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 (the "**Listing Rules**") and the "Inside Information Provisions" (as defined under the Listing Rules) 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 five months ended 31 May 2018, the sales performance of the Group for June 2018 and the information currently available to the Board, the Group is expected to record a very significant increase in net profit for the six months ended 30 June 2018, as compared with the corresponding period in 2017. Based on the information available to date, the expected increase in net profit of the Group for the six months ended 30 June 2018 is mainly attributable to the continuous improvement of the business environment of China's steel industry, the Group's proactive conforming with the Chinese government policies, continuously pursuing efficiency enhancement and cost control, etc. which lead to improvement in business performance, among other things, (i) increase in average selling price of the steel products; and (ii) effective cost control implemented by the Group and moderate increase in cost of raw materials during the period. As a result, a notable increase in gross profit margin.

The Company is in the process of finalizing the interim results of the Group for the six months ended 30 June 2018, which are subject to adjustments. This positive profit alert announcement is based on the preliminary assessment by the Board with reference to the unaudited consolidated management accounts for the five months ended 31 May 2018, the sales performance of the Group for June 2018 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. Shareholders of the Company and potential investors are advised to read carefully the announcement of unaudited interim results of the Group for the six months ended 30 June 2018 which is expected to be published before the end of August 2018.

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, 23 July 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.

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*