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 China Oriental Group Company Limited (the "**Company**", together with its subsidiaries, the "**Group**"), pursuant to Rule 13.09 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) under 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 (the "**Shareholders**") and potential investors that, based on the preliminary review of the Group's unaudited consolidated management accounts for the six months ended 30 June 2019 (the "**Relevant Period**"), the Group is expected to record a decrease in net profit for the Relevant Period by approximately 35%-55%, as compared with the corresponding period in 2018. Based on the information available to date, such expected decrease in net profit of the Group for the Relevant Period is mainly attributable to the combined effects of, among others, (i) an increase in production cost of the Group due to rising price of raw materials, in particular iron ores; and (ii) a decrease in sales volume of products of the Group due to the imposition of various production restriction policies on the Group during the Relevant Period. As a result, a notable decrease in the gross profit of the Group during the Relevant Period is expected to be recorded.

Despite the expected decline in net profit for the Relevant Period, the Board is of the view that the overall operations and financial position of the Group remain healthy and sound. The Company will continue to make great efforts in creating value for the Shareholders in a long-term and sustainable manner.

The Company is in the process of finalizing the interim results of the Group for the Relevant Period. The information contained in this announcement is based on the preliminary assessment by the Board of the unaudited consolidated management accounts of the Group for the Relevant Period, which has not been audited or reviewed by the Company's auditor or the audit committee of the Board, and is therefore subject to adjustments.

Shareholders and potential investors are advised to read carefully the announcement of unaudited interim results of the Group for the Relevant Period, which is expected to be published on or before 31 August 2019.

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

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

Hong Kong, 6 August 2019

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*