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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 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**”) wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a substantial loss for the year ended 31 December 2015 as compared to a profit of approximately of RMB66 million recorded for the year ended 31 December 2014.

Based on the information currently available, the expected losses were mainly attributable to the following reasons, namely, (a) an impairment provision is expected for certain property, plant and equipment in the manufacturing plant of Foshan Jinxi Jinlan Cold Rolled Sheets Company Limited (“**Jinxi Jinlan**”, a 80.3% indirectly owned subsidiary of the Company located at Foshan, Guangdong Province, the People’s Republic of China) in view of the low utilisation rate of the production capacity of Jinxi Jinlan; (b) a large unrealised exchange loss arising from US Dollars denominated monetary liabilities as compared to an unrealised exchange loss of approximately of RMB21 million for the year ended 31 December 2014; and (c) there was a significant decline in the Group’s revenue due to the challenging condition in steel industry, which was alleviated by the active measures implemented by the Group to reduce the selling, general and administrative expenses.

Save as disclosed above, the management is of the view that the operation of the Group maintains steady performance, and the overall operation and the financial position of the Group remains stable.

As the Company is still in the process of finalising the annual results for the year ended 31 December 2015, the information contained in this announcement is only based on the preliminary assessment by the Board with reference to the unaudited management accounts of the Group and the information currently available to the Company and is not based on any figures or information that have been audited or reviewed by the Company's auditors.

Details of the Group's annual results for the year ended 31 December 2015 will be disclosed as and when the annual results of the Group for the year ended 31 December 2015 is announced.

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, 8 January 2016

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. 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*