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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)

Update on Public Float Issue

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.

Reference is made to the announcements of the Company dated 30 December 2013, 11 April 2014, 5 May 2014, 30 May 2014, 6 July 2014, 20 August 2014, 26 August 2014, 5 September 2014, 16 October 2014, 21 November 2014, 16 December 2014, 13 February 2015, 18 March 2015, 16 April 2015, 15 May 2015, 29 May 2015, 15 June 2015, 17 July 2015, 14 August 2015, 14 September 2015, 6 October 2015, 6 November 2015, 7 December 2015, 7 January 2016, 5 February 2016, 4 March 2016, 7 April 2016, 9 May 2016, 10 May 2016, 10 June 2016 and 8 July 2016 (the “**Announcements**”), and the announcement of the Stock Exchange dated 27 July 2016 in relation to the proceeding to the cancellation of listing of the Company by the Stock Exchange (“**Exchange Announcement**”). Unless otherwise stated, capitalized terms used herein shall have the same meaning ascribed in the Announcements.

The Company wishes to provide its shareholders and potential investors a further update about the status of the public float of the Company.

PROPOSALS TO RESTORE THE PUBLIC FLOAT

As mentioned in the announcement of the Company dated 15 July 2016, the Company is expecting to record a very significant increase in net profit for the six months ended 30 June 2016, as compared with the corresponding period in 2015. In view of the expected improved financial results, the Company continues to discuss with the financial advisors and potential investors for the new share issuance. As at the date of this announcement, the Company is in discussion with the financial advisors and potential investors and as long as practicable, the Company expects to conduct further roadshows and investor meetings to solicit more market information. Previously, the Company has suggested to the board of directors of the Company (“**Board**”) and controlling shareholders of the Company (“**Controlling Shareholders**”) various alternative proposals for resolving the public float issue, including but not limited to possible privatization by the Controlling Shareholders, possible restructuring of exchanging assets with Controlling Shareholders with an objective of reducing the shareholdings of the Controlling Shareholders, etc.. In the evaluation of these proposals, the Board and Controlling Shareholders have considered the best interests of the Company and shareholders as a whole and took the view that share issuance at a reasonable price level would still be the best solution for the Company and its shareholders.

The Company will continue to publish monthly announcement to update its shareholders and potential investors on the status of the public float of the Company and measures that may be introduced by the Company to restore its public float.

As stated in the Exchange Announcement, if the Company failed to remedy the public float issue by 27 January 2017, the Stock Exchange may proceed with cancellation of the listing of the Company.

Shareholders of the Company and/or potential investors are urged to 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, 10 August 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. 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 (www.hkexnews.hk).

**For identification purposes only*