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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)

(1) PROFIT WARNING
AND
(2) DISCLOSEABLE TRANSACTION
FURTHER DEVELOPMENT IN RESPECT OF TERMINATION OF
ACQUISITION OF 71% EQUITY INTEREST IN XINYI IRON AND
STEEL

(1) Profit Warning

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board of the Company wishes to inform the Shareholders and potential investors that, according to the unaudited financial statements of the Group for the year 2008, it is expected that the financial performance and profits of the Group will experience significant decline as compared with the year 2007. This is mainly due to the decrease in selling prices and profits of iron and steel products as a result of unprecedented significant downturn of steel market and global economy. The information contained in this announcement is only a preliminary assessment prepared by the Board of the Company and is not based on any figure or information audited by the Company's auditors. Details of the Company's performance will be disclosed in the results announcement of the Company for the year ended 31 December 2008 in due course.

The Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

(2) Discloseable Transaction

Further development in respect of termination of acquisition of 71% equity interest of Xinyi Iron and Steel

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

Pursuant to the Termination Agreement, the Vendors agreed to refund Jinxi Iron and Steel the Paid Consideration in the amount of RMB400,000,000 within 10 days from the date of Termination Agreement which was due on 9 January 2009. However, the Vendors have yet to refund the Paid Consideration at the date of this announcement. On 11 January 2009, Jinxi Iron and Steel and the Vendors entered into a settlement agreement to schedule the repayment of the Paid Consideration. Accordingly, the Vendors agreed to repay RMB200,000,000 before 31 March 2009 and the remaining balance of RMB200,000,000 before 31 December 2009.

Besides, both parties entered into an unconditional and irrevocable deed of mortgages on 10 January 2009 to secure that the Vendors have pledged its fixed assets of Xinyi Iron and Steel as security of settlement of the Paid Consideration.

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

(1) PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules (the “Listing Rules”).

The board of Directors (the “Board”) of China Oriental Group Company Limited (the “Company”) wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that, according to the unaudited financial statements of the Group for the year 2008, it is expected that the financial performance and profits of the Group will experience significant decline as compared with the year 2007. This is mainly due to the decrease in selling prices and profits of iron and steel products as a result of unprecedented significant downturn of steel market and global economy. The information contained in this announcement is only a preliminary assessment prepared by the Board of the Company and is not based on any figure or information audited by the Company’s auditors. Details of the Company’s performance will be disclosed in the results announcement of the Company for the year ended 31 December 2008 in due course.

(2) Discloseable Transaction

Further development in respect of termination of acquisition of 71% equity interest of Xinyi Iron and Steel

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Company announced the termination of acquisition of 71% equity interest of Xinyi Iron and Steel on 31 December 2008. Reference is made to the announcement of the Company dated 12 August 2008 (the “First Announcement”) and the circular of the Company dated 2 September 2008 (the “Circular”) in relation to the acquisition which constitutes a discloseable transaction with the Company and the announcement of the Company dated 31 December 2008 (the “Second Announcement”) in relation to the termination of the acquisition. Unless the context otherwise requires, capitalized terms used in this announcement have the same meaning as defined in the First Announcement, the Circular and the Second Announcement.

As at the date of the Second Announcement, Jinxi Iron and Steel, an indirectly non-wholly owned subsidiary of the Company, had paid a substantial portion of the Consideration in the amount of RMB400,000,000 (the “Paid Consideration”) to the Vendors to acquire 71% equity interest of Xinyi Iron and Steel. The Vendors unconditionally and irrevocably agreed to refund the Paid Consideration to Jinxi Iron and Steel within 10 days from the date of the Termination Agreement which was due on 9 January 2009.

As stated in the Second Announcement, Jinxi Iron and Steel and the Vendors would enter into a deed of mortgage. Accordingly, the Vendors unconditionally and irrevocably agreed to pledge their fixed assets as security for the settlement of the Paid Consideration. The Vendors agreed to cancel the registration of transfer of 71% equity interest from the Vendors to Jinxi Iron and Steel with Industrial and Commerce Bureau, China. However, the Vendors have yet to refund the Paid Consideration at the date of this announcement. After negotiation between Jinxi Iron and Steel and the Vendors over one month, the Vendors finally agreed to enter into a settlement agreement with Jinxi Iron and Steel to schedule the settlement of the Paid Consideration and date the settlement agreement as at 11 January 2009. Accordingly, the Vendors agreed to repay RMB200,000,000 before 31 March 2009 and the remaining balance of RMB200,000,000 before 31 December 2009.

Besides, both parties entered into an unconditional and irrevocable deed of mortgages on 10 January 2009 to secure that the Vendors have pledged its fixed assets of Xinyi Iron and Steel as security of settlement of the Paid Consideration. As the Vendors unconditionally and irrevocably agree to pledge its fixed assets as security for the repayment of Paid Consideration, the Directors believe that Jinxi Iron and Steel can take back the Paid Consideration and there is no material adverse effect to the financial position of the Group.

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

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

Hong Kong, 20 February 2009

As at the date of this announcement, the Executive Directors are Mr. Han Jingyuan, Mr. Zhu Jun, Mr. Liu Lei, Mr. Shen Xiaoling, Mr. Zhu Hao and Mr. Muktesh Mukherjee, Non-Executive Director are Mr. Ondra Otradovec and Mr. Jean-Paul Georges Schuler and the Independent Non-executive Directors are Mr. Yu Tung Ho, Mr. Gao Qingju and Mr. Wong Man Chung, Francis.

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

** For identification purposes only*