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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)

TRADING STATEMENT

This announcement is made pursuant to Rule 13.09 of the Rules governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The Board of Directors (The “Board”) hereby advises the shareholders and potential investors of the Company that based on preliminary estimation, it is expected the net profit for the second half of 2011 will be substantially lower than that recorded in the second half of 2010, or a loss will be recorded for the second half of 2011. The net profit for the year ended 31 December 2010 and the six months ending 30 June 2011 which are disclosed in the Company’s announcement made before are summarized as follows:

	First Half (RMB'million)	Second Half (RMB'million)	Full Year (RMB'million)
Year 2010	872	313	1,185
Year 2011	1,295	Substantially lower than the second half of 2010, or even a loss.	To be announced in March 2012.

The Board considers that the reasons for the drop in net profit of the second half of 2011 are as follows:

1. Steel demand was significantly affected (especially in fourth quarter, 2011) by the slowdown in the Chinese Economy and the Euro zone crisis which in turn adversely affected sales prices.
2. Iron Ore prices peaked in the third quarter and this led to a compression of margins in the second half of 2011.

3. The Company will make two significant non-cash provisions in December 2011 which the Board believes will have an impact on the Income Statement and they are as follows :

3.1. Provision for impairment of inventory, including iron ore

Iron ore prices dropped in November 2011 on account of weakening steel demand globally and pursuant to the accounting principles of prudence and relevant accounting standard, the Company will make an impairment provision for the higher priced iron ore inventory thereon.

3.2. Written off of Construction in progress

Some projects that were started in 2008 have been terminated after considering the benefits and costs to the Company and the changed market environment. Pursuant to the accounting principles of prudence and relevant accounting standards, the Company will fully write off the costs incurred.

The Board considers that the overall operations of the Group remain sound and intact, and the financial position of the Group remains strong with sufficient liquidity and available lines of credit.

The informations contained in this announcement is only a preliminary assessment by the Board, which have not been reviewed nor audited by the Company's auditors. The actual results of the Group may be different from what is disclosed herein. Shareholders and potential investors of the Company should read carefully the result announcement of the Company for the year ended 31 December 2011, which is expected to be published in March 2012.

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

Hong Kong, 3 February 2012

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Han Jingyuan, Mr. Zhu Jun, Mr. Liu Lei, Mr. Shen Xiaoling, Mr. Zhu Hao and Mr. Muktesh Mukherjee being the Executive Directors, Mr. Ondra Otradovec and Mr. Vijay Kumar Bhatnagar being the Non-Executive Directors and Mr. Gao Qingju, Mr. Yu Tung Ho and Mr. Wong Man Chung, Francis 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*