Press Release

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CHINA ORIENTAL'S FULL YEAR REVENUE RECORDED STRONG GROWTH EXCEEDED RMB10 BILLION WITH 2007 CONSOLIDATED REVENUE INCREASED BY 38%

China Oriental Group Company Limited ("China Oriental" or the "Group", stock code: 581) today announced that its audited results for the year ended 31 December 2007. During the year, the audited consolidated revenue of the Group was appropriately RMB13.5 billion, representing an increase of 38 per cent as compared with that of 2006. The Group's profit attributable to equity holders of the Company during the year was RMB1,160million, representing an increase of 12 per cent from that of 2006. Basic earnings per share were RMB0.4, representing an increase of 11 per cent when compared with that of the previous year（2006: RMB0.36）.

The board of directors recommended a final dividend of 6.2 HK cents per share for the year ended 31 December 2007（2006：4.6 HK cents per share）.

During the year under review, revenue of the Group recorded a significant increase due to surged sales volume and accelerated of market prices in the iron and steel industry.

During the year, the Group continued its operation strategy of fine-tuning its product mix, maintaining an increasing proportion of sales volume of higher gross margin strips and strip-related products and H-section steel, which accounted for 88.6 per cent of its total sales volume and provided a positive contribution to the Group's annual results. During the year, massive infrastructure development and urbanization in North China had led to a surge in demand for the Group's new steel products.

"Although the cost of sale increases during the year, the Group successfully transferred majority of the costs pressure to the consumers. This along with its strategy of cost control, fine-tuning its product mix enabled the Group to maintain its gross profit margin at the same level that of the previous year," said Mr. Han Jingyuan, Chairman and Chief Executive Officer of China Oriental.

In 2007, the Group sold approximately 2,450,000 tonnes of strips and strip-related products and approximately 300,000 tonnes of billets. Sales revenue from strips and strip-related products and billets amounted to RMB7,441 million and RMB897 million respectively. The sales revenue from strips and strip-related products accounted for 55 per cent of total sales revenue.

The Group's H-section steel production line has a production capacity of 1,300,000 tonnes as of the year end of 2007. The Group reported a sales volume of H–section steel of 1,205,000 tonnes with a sales revenue of approximately RMB4,300 million for the year 2007, accounting for 29.2 per cent and 31.8 per cent of its total sales volume and total sales revenue respectively.

For the year 2007, the Group's average selling prices (excluding value-added tax) of billets and strips and strip-related products were RMB2,999 per tonne and RMB3,036 per tonne respectively, representing increases of 28 per cent and 17 per cent respectively when compared with those in 2006. The average selling price (excluding value-added tax) of H-section steel was RMB3,566 per tonne, representing an increase of 22 per cent when compared with that in 2006.

During the year, the Group's gross profit of billets and strips and strip-related products and H-section steel were RMB281 per tonne, RMB404 per tonne and RMB668 per tonne respectively (2006: RMB384 per tonne, RMB445 per tonne and RMB288 per tonne respectively).

In November 2007, ArcelorMittal, the world's largest steel conglomerate acquired approximately 28 per cent equity interest in the Company from Smart Triumph Corporation and Ms. Chen Ningning, and became China Oriental's second largest shareholder. Later on, ArcelorMittal entered into a Shareholders' Agreement (the "Shareholders' Agreement") with the Controlling Shareholders (the "Controlling Shareholders") of the Company. The Shareholders' Agreement will enable ArcelorMittal to eventually become the majority shareholders of the Company.

In addition, the Group has entered into a Business Cooperation Agreement (the "Business Cooperation Agreement") with ArcelorMittal. According to the Business Cooperation Agreement, ArcelorMittal will share its technology, technical expertise and know-how with the aim of transforming the Group into a leading producer of heavy sections in China.

"We are delighted to have the world's leading steel company as our strategic partner and substantial shareholder. Their participation well reflects thier confidence in the potential of China Oriental's operations, as well as in the iron and steel market in Mainland China. We expect to work closely with ArcerlorMittal in order to further expedite the Company's expansion in scale of operation and acceleration of its production technology," said Mr Han.

In February 2008, the Group increases its equity interest in Foshan Jinxi Jinlan Cold Rolled Sheet Co., Ltd ("Jinxi Jinlan") from 60 per cent to 81.5 per cent. Jinxi Jinlan is engaged in purchase of billets for processing of cold rolled sheets or galvanized sheets. With the completion of capital injection into Jinxi Jinlan, the plant can enhance its capacity and further enjoy economies of scale.

The Group's plan to construct two additional H-section steel production lines with a total annual production capacity of 1,200,000 tonnes in Jinxi, Hebei province has obtained approval from the regulatory authority. Initial preparation works for the project has commenced. Upon completion and inauguration of the production lines, which is expected to be in the second half of 2008, the Group's total production capacity of H-section steel will reach 2,500,000 tonnes.

"Looking ahead, the Group will focus on increasing H-section steel capacity, and enhancing its product average added-value. It is expected, by 2009, the Group's mainstream product H-section steel will account for over 50 per cent of its revenue. We will actively participate in the consolidation of iron and steel industry enabling it to substantially increase steel processing capacity, through its organic growth and merger and acquisition," said Mr. Han.

With regard to the future price movement of raw material, the increase in production capacity in the iron and steel industry will drive the demand for both domestic and imported iron powder in the PRC. As such, it is expected that the price of iron powder will continue to fluctuate at a high level. On the front of coke, owing to the consolidation of small coal mines, elimination of obsolete capacity as well as pressure from railway transportation, the coke price is expected to fluctuate at a high level.

About China Oriental

Listed on the main board of the Hong Kong Stock Exchange on 2 March 2004, the Company is one of the PRC's most efficient iron and steel producers. In December 2007, ArcelorMittal, the world's largest steel giant, became the strategic partner and the substantial shareholder of the Company. The Group's products are mainly sold domestically, with its major customers based in Northern China. Customers of the Group are downstream steel manufacturers who further process billets and strips into downstream steel products, which are used mainly in the construction industry and for the manufacture of machinery. In addition, China Oriental also produces downstream products including H-sections steel which has a leading position in the industry and other downstream products such as cold rolled sheets and galvanized sheets. China Oriental is an integrated iron and steel conglomerate.

The Group's stable development had been recognized by, and supported by the markets at home and abroad. The Group stood out from over 600 privately-owned listed enterprises and ranked 10th of the "100 privately-owned listed companies in 2007" and ranked 34th in "Forbes 2007 Top Chinese enterprises".

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(Attached the China Oriental's audited consolidated income statement for the year ended 31 December 2007)

Press Release

China Oriental Group Company Limited

(Stock Code: 581)

Audited Consolidated Income Statement

For the Year Ended 31 December 2007

	Audited For the year ended 31 December 2007 (RMB '000)	2006 (RMB '000)
Revenue	**13,498,555**	9,782,116
Cost of sales	**(11,581,115)**	(8,357,880)
Gross profit	**1,917,440**	1,424,236
Other income	**2,116**	4,149
Distribution costs	**(46,689)**	(13,084)
Administrative expenses	**(373,452)**	(170,443)
Other expenses	**(5,324)**	(10,620)
Other gains - net	**12,730**	31,439
Operating profit	**1,506,821**	1,265,677
Finance income	**12,118**	18,930
Finance costs	**(68,810)**	(50,387)
Finance costs - net	**(56,692)**	(31,457)
Share of profit / (loss) of an associate	**225**	(984)
Profit before income tax	**1,450,354**	1,233,236
Income tax expense	**(256,617)**	(210,886)
Profit for the year	**1,193,737**	1,022,350
Attributable to:		
Equity holders of the Company	**1,159,657**	1,032,754
Minority interest	**34,080**	(10,404)
	1,193,737	1,022,350
Earnings per share for profit attributable to equity holders of the Company during the year		
-basic	**RMB0.40**	RMB 0.36
-diluted	**RMB0.40**	RMB 0.36
Dividends	**319,225**	161,879