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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) CONTINUING CONNECTED TRANSACTIONS
BETWEEN
JINXI LIMITED
AND
LONGBA CHARGING**

**2) CONTINUING CONNECTED TRANSACTIONS
BETWEEN
JINXI LIMITED
AND
PINGQUAN COUNTY JINYIN**

(1) Continuing Connected Transactions Between Jinxi Limited and Longba Charging

Reference is made to the announcement of the Company dated 27 December 2012 pursuant to which, it was stated, inter alia, that the existing annual cap for the continuing connected transactions between Jinxi Limited and Longba Charging for each of the three years ending 31 December 2013, 2014 and 2015 will not exceed RMB180,000,000, RMB180,000,000 and RMB180,000,000 respectively. The Existing Longba Framework Agreement was expired on 31 December 2015.

The Board hereby announces that on 29 January 2016, Jinxi Limited entered into the Renewal Longba Framework Agreement with Longba Charging for a further term of three years commencing from 1 January 2016 and expiring on 31 December 2018.

It is expected that the proposed Longba Annual Cap for the continuing connected transactions contemplated under the Renewal Longba Framework Agreement for each of the three years ending 31 December 2016, 2017 and 2018 will not exceed RMB130,000,000, RMB130,000,000 and RMB130,000,000 respectively.

The proposed Longba Annual Cap has been determined after taking into account (i) the historical transaction figures under the Existing Longba Framework Agreement; (ii) the expected year-on-year iron and steel production capacity of the Group; and (iii) the expected fluctuation in the market prices of lime products in the forthcoming next three years.

(2) Continuing Connected Transactions Between Jinxi Limited and Pingquan County Jinyin

Reference is made to the announcement of the Company dated 27 December 2012 pursuant to which, it was stated, inter alia, that the existing annual cap for the continuing connected transactions between Jinxi Limited and Pingquan County Jinyin for each of the three years ending 31 December 2013, 2014 and 2015 will not exceed RMB7,500,000, RMB7,500,000 and RMB7,500,000 respectively. The Existing Pingquan Framework Agreement was expired on 31 December 2015.

The Board hereby announces that on 29 January 2016, Jinxi Limited entered into the Renewal Pingquan Framework Agreement with Pingquan County Jinyin for a further term of three years commencing from 1 January 2016 and expiring on 31 December 2018.

It is expected that the proposed Pingquan Annual Cap for the continuing connected transactions contemplated under the Renewal Pingquan Framework Agreement for each of the three years ending 31 December 2016, 2017 and 2018 will not exceed RMB7,500,000, RMB7,500,000 and RMB7,500,000 respectively.

The proposed Pingquan Annual Cap has been determined after taking into account (i) the expected year-on-year iron and steel production capacity of the Group; (ii) the estimated quantity of lime products to be purchased from Pingquan County Jinyin by Jinxi Limited in the next three years; and (iii) the expected fluctuation in the market prices and demand of lime products in the forthcoming next three years.

Implication under the Listing Rules

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Longba Charging and Pingquan County Jinyin and their respective ultimate beneficial owner(s) are connected persons of the Company according to the Listing Rules. Thus the transactions contemplated under each of the Renewal Longba Framework Agreement and the Renewal Pingquan Framework Agreement constitute continuing connected transactions for the Company under the Listing Rules respectively.

As each of the applicable percentage ratios (other than the profits ratio) in respect of the proposed Longba Annual Cap under the Renewal Longba Framework Agreement is on an annual basis more than 1% but less than 5%, the continuing connected transactions contemplated under the Renewal Longba Framework Agreement are subject to the reporting, announcement and annual review requirements and are exempt from the independent shareholders' approval requirement pursuant to Rule 14A.76(2) of the Listing Rules.

Each of the applicable percentage ratios (other than the profits ratio) in respect of the proposed Pingquan Annual Cap under the Renewal Pingquan Framework Agreement is on an annual basis less than 1% and the transaction is a connected transaction only because it involves connected person at the subsidiary level, the continuing connected transactions contemplated under the Renewal Pingquan Framework Agreement are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules.

However, as both Longba Charging and Pingquan County Jinyin are associates of Mr. Du Chun and Mr. Du Chun is a connected person of the Company, the continuing connected transactions contemplated under the Renewal Longba Framework Agreement are required to be aggregated with the continuing connected transactions contemplated under the Renewal Pingquan Framework Agreement under Rule 14A.81 of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) for the proposed Longba Annual Cap and the proposed Pingquan Annual Cap when aggregated is on an annual basis more than 1% but less than 5%, the continuing connected transactions contemplated under the Renewal Framework Agreements are subject to the reporting, announcement and annual review requirements and are exempt from the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

The Board confirms that no Director has a material interest in the Renewal Framework Agreements and the continuing connected transactions contemplated thereunder and no Director has abstained from voting on the board resolution to approve the Renewal Framework Agreements and the transactions contemplated thereunder including the proposed Longba Annual Cap and the proposed Pingquan Annual Cap.

(1) CONTINUING CONNECTED TRANSACTIONS BETWEEN JINXI LIMITED AND LONGBA CHARGING

INTRODUCTION

Reference is made to the announcement of the Company dated 27 December 2012 pursuant to which, it was stated, inter alia, that the existing annual cap for the continuing connected transactions between Jinxi Limited and Longba Charging for each of the three years ending 31 December 2013, 2014 and 2015 will not exceed RMB180,000,000, RMB180,000,000 and RMB180,000,000 respectively. The Existing Longba Framework Agreement was expired on 31 December 2015.

The Board hereby announces that on 29 January 2016, Jinxi Limited entered into the Renewal Longba Framework Agreement with Longba Charging for a further term of three years commencing from 1 January 2016 and expiring on 31 December 2018.

PRINCIPAL TERMS OF THE RENEWAL LONGBA FRAMEWORK AGREEMENT

Date of agreement

29 January 2016

Parties

- (i) Jinxi Limited (as purchaser); and
- (ii) Longba Charging (as supplier)

Subject Matter

Jinxi Limited and/or its subsidiaries has agreed to purchase from Longba Charging and Longba Charging has agreed to sell to Jinxi Limited and/or its subsidiaries lime products.

Term

From 1 January 2016 to 31 December 2018

Price

The prices of lime products will be agreed following arm's length negotiations between Jinxi Limited and Longba Charging with reference to the prevailing market price and commercial terms. In determining the market price, the sourcing department of Jinxi Limited shall collect the relevant market information (including but not limited to the price for the same or similar type of lime products), review and compare the prices and commercial terms of transactions conducted in the most recent year of the same or similar type entered into with Longba Charging or at least two independent suppliers, and prepare fee quotes. It may need to further submit the fee quotes to the management of Jinxi Limited for review depending on the actual situations (such as the amount and size of the transaction). The Internal Control Department of Jinxi Limited will review the aforesaid sourcing operation on a periodical basis.

Proposed Longba Annual Cap for the Continuing Connected Transactions contemplated under the Renewal Longba Framework Agreement

The historical transaction figures of the purchase of lime products by the Group from Longba Charging under the Existing Longba Framework Agreement for the three years ended 31 December 2013, 2014 and 2015 are respectively set out as follows:-

Transactions	Year ended 31 December 2013		Year ended 31 December 2014		Year ended 31 December 2015	
	Existing Annual Cap (RMB)	Historical transaction figures (RMB)	Existing Annual Cap (RMB)	Historical transaction figures (RMB)	Existing Annual Cap (RMB)	Historical transaction figures (RMB)
purchase of lime products	180,000,000	104,800,000	180,000,000	75,600,000	180,000,000	61,100,000

It is expected that the proposed Longba Annual Cap for the continuing connected transactions contemplated under the Renewal Longba Framework Agreement for each of the three years ending 31 December 2016, 2017 and 2018 will not exceed the amounts set out below:

For the year ending 31 December	RMB
2016	130,000,000
2017	130,000,000
2018	130,000,000

The proposed Longba Annual Cap has been determined after taking into account (i) the historical transaction figures under the Existing Longba Framework Agreement; (ii) the expected year-on-year iron and steel production capacity of the Group; and (iii) the expected fluctuation in the market prices of lime products in the forthcoming next three years.

REASONS FOR ENTERING INTO THE RENEWAL LONGBA FRAMEWORK AGREEMENT

The principal activity of the Group is manufacture and sale of iron and steel products. Lime product is one of the major raw materials for production of iron and steel products. The continuing connected transactions contemplated under the Renewal Longba Framework Agreement will occur on a regular and continuing basis in the ordinary and usual course of business of the Group. By entering into the Renewal Longba Framework Agreement, the Group can ensure a steady supply of lime product which is crucial for the Group's existing production and business.

The Directors (including independent non-executive Directors) are of the view that the Renewal Longba Framework Agreement is entered into in the ordinary and usual course of the business of the Group on normal commercial terms and has been negotiated on an arm's length basis between Jinxi Limited (and for and on behalf of its subsidiaries) and Longba Charging, and the terms thereof together with the proposed Longba Annual Cap are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

(2) CONTINUING CONNECTED TRANSACTIONS BETWEEN JINXI LIMITED AND PINGQUAN COUNTY JINYIN

INTRODUCTION

Reference is made to the announcement of the Company dated 27 December 2012 pursuant to which, it was stated, inter alia, that the existing annual cap for the continuing connected transactions between Jinxi Limited and Pingquan County Jinyin for each of the three years ending 31 December 2013, 2014 and 2015 will not exceed RMB7,500,000, RMB7,500,000 and RMB7,500,000 respectively. The Existing Pingquan Framework Agreement was expired on 31 December 2015.

The Board hereby announces that on 29 January 2016, Jinxi Limited entered into the Renewal Pingquan Framework Agreement with Pingquan County Jinyin for a further term of three years commencing from 1 January 2016 and expiring on 31 December 2018.

PRINCIPAL TERMS OF THE RENEWAL PINGQUAN FRAMEWORK AGREEMENT

Date of agreement

29 January 2016

Parties

- (i) Jinxi Limited (as purchaser); and
- (ii) Pingquan County Jinyin (as supplier)

Subject Matter

Jinxi Limited and/or its subsidiaries has agreed to purchase from Pingquan County Jinyin and Pingquan County Jinyin has agreed to sell to Jinxi Limited and/or its subsidiaries lime products.

Term

From 1 January 2016 to 31 December 2018

Price

The prices of lime products will be agreed following arm's length negotiations between Jinxi Limited and Pingquan County Jinyin with reference to the prevailing market price and commercial terms. In determining the market price, the sourcing department of Jinxi Limited shall collect the relevant market information (including but not limited to the price for the same or similar type of lime products), review and compare the prices and commercial terms of transactions conducted in the most recent year of the same or similar type entered into with Pingquan County Jinyin or at least two independent suppliers, and prepare fee quotes. It may need to further submit the fee quotes to the management of Jinxi Limited for review depending on the actual situations (such as the amount and size of the transaction). The Internal Control Department of Jinxi Limited will review the aforesaid sourcing operation on a periodical basis.

Proposed Pingquan Annual Cap for the Continuing Connected Transactions contemplated under the Renewal Pingquan Framework Agreement

The historical transaction figures of the purchase of lime products by the Group from Pingquan County Jinyin under the Existing Pingquan Framework Agreement for the three years ended 31 December 2013, 2014 and 2015 are respectively set out as follows:-

Transactions	Year ended 31 December 2013		Year ended 31 December 2014		Year ended 31 December 2015	
	Existing Annual Cap (RMB)	Historical transaction figures (RMB)	Existing Annual Cap (RMB)	Historical transaction figures (RMB)	Existing Annual Cap (RMB)	Historical transaction figures (RMB)
purchase of lime products	7,500,000	448,000	7,500,000	nil	7,500,000	nil

It is expected that the proposed Pingquan Annual Cap for the continuing connected transactions contemplated under the Renewal Pingquan Framework Agreement for each of the three years ending 31 December 2016, 2017 and 2018 will not exceed the amounts set out below:

For the year ending 31 December	RMB
2016	7,500,000
2017	7,500,000
2018	7,500,000

The proposed Pingquan Annual Cap has been determined after taking into account (i) the expected year-on-year iron and steel production capacity of the Group; (ii) the estimated quantity of lime products to be purchased from Pingquan County Jinyin by Jinxi Limited in the next three years; and (iii) the expected fluctuation in the market prices and demand of lime products in the forthcoming next three years.

REASONS FOR ENTERING INTO THE RENEWAL PINGQUAN FRAMEWORK AGREEMENT

The principal activity of the Group is manufacture and sale of iron and steel products. Lime product is one of the major raw materials for production of iron and steel products. The continuing connected transactions contemplated under the Renewal Pingquan Framework Agreement will occur on a regular and continuing basis in the ordinary and usual course of business of the Group. By entering into the Renewal Pingquan Framework Agreement, the Group can ensure a steady supply of lime product which is crucial for the Group's existing production and business.

The Directors (including independent non-executive Directors) are of the view that the Renewal Pingquan Framework Agreement is entered into in the ordinary and usual course of the business of the Group on normal commercial terms and has been negotiated on an arm's length basis between Jinxi Limited and Pingquan County Jinyin, and the terms thereof together with the proposed Pingquan Annual Cap are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

GENERAL INFORMATION OF THE PARTIES

Information of Jinxi Limited and the Group

Jinxi Limited is a limited company established in the PRC and is a 97.6% indirect non-wholly owned subsidiary of the Company. Jinxi Limited and the Group are principally engaged in the manufacturing and sale of steel products.

Information of Longba Charging

Longba Charging is a limited company established in the PRC and its principal activities involve supply and sale of lime products. Longba Charging is owned as to 43.7% by Mr. Du Chun.

Mr. Du Chun is a connected person of the Company by virtue of his current holding of 40% equity interest in Pingquan County Jinyin. As Longba Charging is an associate (as defined in the Listing Rules) of Mr. Du Chun, it thus becomes a connected person of the Company. In light of this, the transactions contemplated under the Renewal Longba Framework Agreement constitute continuing connected transactions for the Company under the Listing Rules.

Information of Pingquan County Jinyin

Pingquan County Jinyin is a limited company established in the PRC and is an indirect non-wholly owned subsidiary of the Company under the Listing Rules. Its principal activities involve manufacturing and sales of lime products. Pingquan County Jinyin is owned as to 40% by Mr. Du Chun.

IMPLICATION UNDER THE LISTING RULES

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Longba Charging and Pingquan County Jinyin and their respective ultimate beneficial owner(s) are connected persons of the Company according to the Listing Rules. Thus the transactions contemplated under each of the Renewal Longba Framework Agreement and the Renewal Pingquan Framework Agreement constitute continuing connected transactions for the Company under the Listing Rules respectively.

As each of the applicable percentage ratios (other than the profits ratio) in respect of the proposed Longba Annual Cap under the Renewal Longba Framework Agreement is on an annual basis more than 1% but less than 5%, the continuing connected transactions contemplated under the Renewal Longba Framework Agreement are subject to the reporting, announcement and annual review requirements and are exempt from the independent shareholders' approval requirement pursuant to Rule 14A.76(2) of the Listing Rules.

Each of the applicable percentage ratios (other than the profits ratio) in respect of the proposed Pingquan Annual Cap under the Renewal Pingquan Framework Agreement is on an annual basis less than 1% and the transaction is a connected transaction only because it involves connected person at the subsidiary level, the continuing connected transactions contemplated under the Renewal Pingquan Framework Agreement are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules.

However, as both Longba Charging and Pingquan County Jinyin are associates of Mr. Du Chun and Mr. Du Chun is a connected person of the Company, the continuing connected transactions contemplated under the Renewal Longba Framework Agreement are required to be aggregated with the continuing connected transactions contemplated under the Renewal Pingquan Framework Agreement under Rule 14A.81 of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) for the proposed Longba Annual Cap and the proposed Pingquan Annual Cap when aggregated is on an annual basis more than 1% but less than 5%, the continuing connected transactions contemplated under the Renewal Framework Agreements are subject to the reporting, announcement and annual review requirements and are exempt from the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

The Board confirms that no Director has a material interest in the Renewal Framework Agreements and the continuing connected transactions contemplated thereunder and no Director has abstained from voting on the board resolution to approve the Renewal Framework Agreements and the transactions contemplated thereunder including the proposed Longba Annual Cap and the proposed Pingquan Annual Cap.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	China Oriental Group Company Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Existing Longba Framework Agreement”	the framework agreement dated 27 December 2012 entered into between Jinxi Limited and Longba Charging in respect of the purchase of lime products by Jinxi Limited from Longba Charging
“Existing Pingquan Framework Agreement”	the framework agreement dated 27 December 2012 entered into between Jinxi Limited and Pingquan County Jinyin in respect of the purchase of lime products by Jinxi Limited from Pingquan County Jinyin
“Group”	collectively, the Company and its subsidiaries from time to time
“Jinxi Limited”	河北津西鋼鐵集團股份有限公司 (Hebei Jinxi Iron and Steel Group Company Limited*), a joint stock limited company incorporated in the PRC and an indirect non-wholly owned subsidiary of the Company. Its principal activities are manufacture and sale of iron and steel products
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Longba Annual Cap”	the maximum aggregate annual value (excluding value added tax and import tax, if applicable) of the continuing connected transactions between Jinxi Limited and Longba Charging in respect of the purchase of lime products by Jinxi Limited from Longba Charging under the Renewal Longba Framework Agreement
“Longba Charging”	遷西縣龍霸爐料有限責任公司 (Qianxi County Longba Charging Company Limited*), a company established in the PRC and is owned as to 43.7% by Mr. Du Chun. Its principal activities are supply and sale of lime products
“Pingquan Annual Cap”	the maximum aggregate annual value (excluding value added tax and import tax, if applicable) of the continuing connected transactions between Jinxi Limited and Pingquan County Jinyin in respect of the purchase of lime products by Jinxi Limited from Pingquan County Jinyin under the Renewal Pingquan Framework Agreement
“Pingquan County Jinyin”	平泉縣津銀爐料有限公司 (Pingquan County Jinyin Charging Company Limited*), a company established in the PRC and an indirect non-wholly owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Renewal Framework Agreements”	the Renewal Longba Framework Agreement and Renewal Pingquan Framework Agreement
“Renewal Longba Framework Agreement”	the renewal framework agreement dated 29 January 2016 entered into between Jinxi Limited and Longba Charging in respect of the purchase of lime products by Jinxi Limited from Longba Charging
“Renewal Pingquan Framework Agreement”	the renewal framework agreement dated 29 January 2016 entered into between Jinxi Limited and Pingquan County Jinyin in respect of the purchase of lime products by Jinxi Limited from Pingquan County Jinyin

“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules

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

Hong Kong, 29 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*