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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)

CONTINUING CONNECTED TRANSACTIONS

(1) Continuing Connected Transactions under the Tenancy Agreement

Reference was made to the announcement of the Company dated 5 January 2015 in relation to the Tenancy Agreement entered into between Jinxi Special Steel and Jinxi Wan Tong for leasing of the production facilities of Jinxi Wan Tong for a term of three years commencing on 26 November 2014 and expiring on 25 November 2017. Unless otherwise stated, capitalized terms used herein shall have the same meaning ascribed in the announcement of the Company dated 5 January 2015.

Jinxi Wan Tong is currently wholly owned by Xin Ding Da which is wholly owned by Mr. Zhang Xin. Mr. Zhang Xin is a deemed connected person of the Company as he is the nephew of Mr. Zhang Yuhai who is a connected person of the Company by virtue of being a director of Tianjin Juli and Jinxi Special Steel. Following the publication of the annual results announcement of the Company for the year ended 31 December 2014 on 19 March 2015 and having aggregated the total assets, profits and revenue of Tianjin Juli and Jinxi Special Steel, they are now not taken as insignificant subsidiaries of the Company by virtue of Rule 14.09 of the Listing Rules, therefore Mr. Zhang Yuhai and accordingly Mr. Zhang Xin become connected persons of the Company and the transactions contemplated under the Tenancy Agreement constitute continuing connected transactions for the Company.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the Tenancy Annual Cap is on an annual basis more than 5%, the transactions contemplated under the Tenancy Agreement are subject to reporting, announcement and annual review requirements and exempt from the independent Shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

Please refer to the announcement of the Company dated 5 January 2015 for the details of the transactions under the Tenancy Agreement.

(2) Continuing Connected Transactions under the Xin Ding Da Framework Agreement

Reference was made to the announcement of the Company dated 2 December 2014 in relation to the Xin Ding Da Framework Agreement entered into between Jinxi Limited and Xin Ding Da for a term of three years commencing on 1 January 2014 and expiring on 31 December 2016. Unless otherwise stated, capitalized terms used herein shall have the same meaning ascribed in the announcement of the Company dated 2 December 2014.

Xin Ding Da is currently wholly owned by Mr. Zhang Xin. Mr. Zhang Xin is a deemed connected person of the Company as he is the nephew of Mr. Zhang Yuhai who is a connected person of the Company as mentioned above. As disclosed above, since Tianjin Juli and Jinxi Special Steel are now not taken as insignificant subsidiaries of the Company by virtue of Rule 14.09 of the Listing Rules, therefore Mr. Zhang Yuhai and accordingly Mr. Zhang Xin become connected persons of the Company and the transactions contemplated under the Xin Ding Da Framework Agreement constitute continuing connected transactions for the Company.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the Xin Ding Da Annual Cap is on an annual basis more than 1% but less than 5%, the transactions contemplated under the Xin Ding Da Framework Agreement are subject to 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.

Please refer to the announcement of the Company dated 2 December 2014 for details of the transactions under the Xin Ding Da Framework Agreement.

(3) Continuing Connected Transactions under the Jin Zhao Lai Framework Agreement

Reference was made to the announcement of the Company dated 2 December 2014 in relation to the Jin Zhao Lai Framework Agreement entered into between Jinxi Limited and Jin Zhao Lai for a term of three years commencing on 1 January 2014 and expiring on 31 December 2016. Unless otherwise stated, capitalized terms used herein shall have the same meaning ascribed in the announcement of the Company dated 2 December 2014.

Jin Zhao Lai is currently wholly owned by Mr. Zhang Yugui. Mr. Zhang Yugui is a deemed connected person of the Company as he is the brother of Mr. Zhang Yuhai who is currently a connected person as mentioned above. As disclosed above, since Tianjin Juli and Jinxi Special Steel are now not taken as insignificant subsidiaries of the Company by virtue of Rule 14.09 of the Listing Rules, therefore Mr. Zhang Yuhai and accordingly Mr. Zhang Yugui become connected persons of the Company and the transactions contemplated under the Jin Zhao Lai Framework Agreement constitute continuing connected transactions for the Company.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) (other than profit ratio) in respect of the Jin Zhao Lai Annual Cap is on an annual basis more than 1% but less than 5%, the transactions contemplated under the Jin Zhao Lai Framework Agreement are subject to the reporting, announcement and annual review requirements and are exempt from the independent Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

Please refer to the announcement of the Company dated 2 December 2014 for details of the transactions under the Jin Zhao Lai Framework Agreement.

Furthermore, since Mr. Zhang Xin is the son of Mr. Zhang Yugui, the continuing connected transactions contemplated under the Tenancy Agreement, the Xin Ding Da Framework Agreement and the Jin Zhao Lai Framework Agreement need to be aggregated under Rule 14A.83 of the Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) in respect of the Tenancy Annual Cap, the Xin Ding Da Annual Cap and the Jin Zhao Lai Annual Cap when aggregated is on an annual basis more than 5%, the transactions contemplated under the Tenancy Agreement, the Xin Ding Da Framework Agreement and the Jin Zhao Lai Framework Agreement are subject to reporting, announcement and the annual review requirements and exempt from the independent Shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

The Board (including independent non-executive Directors) are of the view that the Tenancy Agreement, the Framework Agreements and the transactions contemplated thereunder are entered into in the ordinary and usual course of the business of the Group on normal commercial terms or better and have been negotiated on an arm's length basis between Jinxi Special Steel and Jinxi Wan Tong and between Jinxi Limited (and for and on behalf of its subsidiaries) and Xin Ding Da and Jin Zhao Lai (and for and on behalf of their subsidiaries) respectively and the terms thereof together with the transactions under the Tenancy Agreement and Framework Agreements are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

(1) Continuing Connected Transactions under the Tenancy Agreement

Reference was made to the announcement of the Company dated 5 January 2015 in relation to the Tenancy Agreement entered into between Jinxi Special Steel and Jinxi Wan Tong for leasing of the production facilities of Jinxi Wan Tong for a term of three years commencing on 26 November 2014 and expiring on 25 November 2017 with the annual fixed fee of RMB 204,000,000 plus sharing of 30% of the net profit but not the net loss of Jinxi Special Steel. Currently Jinxi Special Steel leases from Jinxi Wan Tong its production facilities to attain an annual steel production capacity of 2 million tonnes through such lease arrangement.

Please refer to the announcement of the Company dated 5 January 2015 for the details of the transactions under the Tenancy Agreement.

(2) Continuing Connected Transactions under the Xin Ding Da Framework Agreement

Reference was made to the announcement of the Company dated 2 December 2014 in relation to the Xin Ding Da Framework Agreement entered into between Jinxi Limited and Xin Ding Da for a term of three years commencing on 1 January 2014 and expiring on 31 December 2016. Pursuant to the Xin Ding Da Framework Agreement, Jinxi Limited and/or its subsidiaries has agreed to purchase from Xin Ding Da and/or its subsidiaries and Xin Ding Da and/or its subsidiaries has agreed to sell to Jinxi Limited and/or its subsidiaries iron powder, coke and related products. The Xin Ding Da Annual Cap for the year ended 31 December 2014 and each of the two years ended 31 December 2015 and 2016 has not exceeded and will not exceed RMB 70,000,000, RMB 70,000,000 and RMB 70,000,000 respectively.

Please refer to the announcement of the Company dated 2 December 2014 for details of the transactions under the Xin Ding Da Framework Agreement.

(3) Continuing Connected Transactions under the Jin Zhao Lai Framework Agreement

Reference was made to the announcement of the Company dated 2 December 2014 in relation to the Jin Zhao Lai Framework Agreement entered into between Jinxi Limited and Jin Zhao Lai for a term of three years commencing on 1 January 2014 and expiring on 31 December 2016. Pursuant to the Jin Zhao Lai Framework Agreement, Jinxi Limited and/or its subsidiaries has agreed to purchase from Jin Zhao Lai and/or its subsidiaries and Jin Zhao Lai and/or its subsidiaries has agreed to sell to Jinxi Limited and/or its subsidiaries iron powder and related products. The Jin Zhao Lai Annual Cap for the year ended 31 December 2014 and each of the two years ended 31 December 2015 and 2016 has not exceeded and will not exceed RMB 60,000,000, RMB 60,000,000 and RMB 60,000,000 respectively.

Please refer to the announcement of the Company dated 2 December 2014 for details of the transactions under the Jin Zhao Lai Framework Agreement.

GENERAL INFORMATION OF THE PARTIES

Information of Jinxi Limited, Jinxi Special Steel 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 Special Steel is a company established in the PRC and an indirect non-wholly owned subsidiary of the Company. Its principal activities are manufacture and sale of steel products.

Jinxi Limited and the Group are principally engaged in the manufacturing and sale of iron and steel products and real estate business.

Information of Jinxi Wan Tong

Jinxi Wan Tong is currently wholly owned by Xin Ding Da which is wholly owned by Mr. Zhang Xin. Mr. Zhang Xin is a deemed connected person of the Company as he is the nephew of Mr. Zhang Yuhai who is a connected person of the Company by virtue of being a director of Tianjin Juli and Jinxi Special Steel. Following the publication of the annual results announcement of the Company for the year ended 31 December 2014 on 19 March 2015 and having aggregated the total assets, profits and revenue of Tianjin Juli and Jinxi Special Steel, they are now not taken as insignificant subsidiaries of the Company by virtue of Rule 14.09 of the Listing Rules, therefore Mr. Zhang Yuhai and accordingly Mr. Zhang Xin become connected persons of the Company and the transactions contemplated under the Tenancy Agreement constitute continuing connected transactions for the Company. Jinxi Wan Tong is principally engaged in the manufacturing and sale of iron and steel products.

Information of Xin Ding Da

Xin Ding Da is currently wholly owned by Mr. Zhang Xin. Mr. Zhang Xin is a deemed connected person of the Company as he is the nephew of Mr. Zhang Yuhai who is a connected person of the Company as mentioned above. As disclosed above, since Tianjin Juli and Jinxi Special Steel are now not taken as insignificant subsidiaries of the Company by virtue of Rule 14.09 of the Listing Rules, therefore Mr. Zhang Yuhai and accordingly Mr. Zhang Xin become connected persons of the Company and the transactions contemplated under the Xin Ding Da Framework Agreement constitute continuing connected transactions for the Company. The principal activity of Xin Ding Da is trading business.

Information of Jin Zhao Lai

Jin Zhao Lai is currently wholly owned by Mr. Zhang Yugui. Mr. Zhang Yugui is a deemed connected person of the Company as he is the brother of Mr. Zhang Yuhai who is currently a connected person as mentioned above. As disclosed above, since Tianjin Juli and Jinxi Special Steel are now not taken as insignificant subsidiaries of the Company by virtue of Rule 14.09 of the Listing Rules, therefore Mr. Zhang Yuhai and accordingly Mr. Zhang Yugui become connected persons of the Company and the transactions contemplated under the Jin Zhao Lai Framework Agreement constitute continuing connected transactions for the Company. The principal activities of Jin Zhao Lai are manufacturing and sale of iron powder and related products.

IMPLICATION UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the Tenancy Annual Cap is on an annual basis more than 5%, the transactions contemplated under the Tenancy Agreement are subject to reporting, announcement and annual review requirements and exempt from the independent Shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the Xin Ding Da Annual Cap is on an annual basis more than 1% but less than 5%, the transactions contemplated under the Xin Ding Da Framework Agreement are subject to 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.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) (other than profit ratio) in respect of the Jin Zhao Lai Annual Cap is on an annual basis more than 1% but less than 5%, the transactions contemplated under the Jin Zhao Lai Framework Agreement are subject to the reporting, announcement and annual review requirements and are exempt from the independent Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

Furthermore, since Mr. Zhang Xin is the son of Mr. Zhang Yugui, the continuing connected transactions contemplated under the Tenancy Agreement, the Xin Ding Da Framework Agreement and the Jin Zhao Lai Framework Agreement need to be aggregated under Rule 14A.83 of the Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) in respect of the Tenancy Annual Cap, the Xin Ding Da Annual Cap and the Jin Zhao Lai Annual Cap when aggregated is on an annual basis more than 5%, the transactions contemplated under the Tenancy Agreement, the Xin Ding Da Framework Agreement and the Jin Zhao Lai Framework Agreement are subject to reporting, announcement and the annual review requirements and exempt from the independent Shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

The Board confirms that none of the Directors has a material interest in the Tenancy Agreement, the Framework Agreements and the transactions contemplated thereunder and no Director has abstained from voting on the board resolutions approving the Tenancy Agreement, Framework Agreements and the transactions contemplated thereunder the Tenancy Annual Cap, Xin Ding Da Annual Cap and Jin Zhao Lai Annual Cap.

The Board (including independent non-executive Directors) are of the view that the Tenancy Agreement, the Framework Agreements and the transactions contemplated thereunder are entered into in the ordinary and usual course of the business of the Group on normal commercial terms or better and have been negotiated on an arm's length basis between Jinxi Special Steel and Jinxi Wan Tong and between Jinxi Limited (and for and on behalf of its subsidiaries) and Xin Ding Da and Jin Zhao Lai (and for and on behalf of their subsidiaries) respectively and the terms thereof together with the transactions under the Tenancy Agreement and Framework Agreements are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

DEFINITIONS

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

“Board”	the board of Directors
“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
“Framework Agreements”	collectively, the Xin Ding Da Framework Agreement and the Jin Zhao Lai Framework Agreement
“Group”	collectively, the Company and its subsidiaries from time to time
“insignificant subsidiary”	has the meaning ascribed to it under Chapter 14A of the Listing Rules

“Jin Zhao Lai”	遷西縣金兆來精選廠(Qianxi Jin Zhao Lai Iron Ore Mine*), a company established in the PRC. Its principal activities are manufacture and sale of iron powder
“Jin Zhao Lai Annual Cap”	the maximum aggregate annual value (excluding value added tax and import tax, if applicable) in respect of the transactions contemplated under the Jin Zhao Lai Framework Agreement
“Jin Zhao Lai Framework Agreement”	a framework agreement dated 2 December 2014 and entered into between Jinxi Limited and Jin Zhao Lai in respect of the purchase of iron powder and related products by Jinxi Limited and/or its subsidiaries from Jin Zhao Lai and/or its subsidiaries for a term of three years commencing from 1 January 2014 to 31 December 2016
“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
“Jinxi Special Steel”	河北津西鋼鐵集團特鋼有限公司(Hebei Jinxi Iron and Steel Group Special Steel Company Limited*), a company established in the PRC and an indirect non-wholly owned subsidiary of the Company. Its principal activities are manufacture and sale of special steel products
“Jinxi Wan Tong”	Qianxi County Jinxi Wantong Ductile Iron Pipe Limited, a company established in the PRC and a wholly owned subsidiary of Xin Ding Da. 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
“Mr. Zhang Xin”	the director of and owner of 100% equity interests in Xin Ding Da. He is the nephew of Mr. Zhang Yuhai and the son of Mr. Zhang Yugui
“Mr. Zhang Yugui	the director of and owner of 100% equity interests in Jin Zhao Lai. He is the brother of Mr. Zhang Yuhai and the father of Mr. Zhang Xin
“Mr. Zhang Yuhai”	the director of Tianjin Juli and Jinxi Special Steel. He is the brother of Mr. Zhang Yugui and the uncle of Mr. Zhang Xin

“PRC”	the People’s Republic of China
“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
“Tenancy Agreement”	a framework agreement dated 5 January 2015 and entered into between Jinxi Special Steel and Jinxi Wan Tong in respect of the lease of the production facilities of Jinxi Wan Tong by Jinxi Special Steel from Jinxi Wan Tong for a term of three years commencing on 26 November 2014 and expiring on 25 November 2017
“Tenancy Annual Cap”	the maximum aggregate annual value (excluding value added tax and import tax, if applicable) in respect of the transactions contemplated under the Tenancy Agreement
“Tianjin Juli”	Tianjin Juli Trade Company Limited, a company established in the PRC and an indirect non-wholly owned subsidiary of the Company. Its principal activity is international trading
“Xin Ding Da”	遷西縣鑫鼎達商貿有限公司(Qianxi Xin Ding Da Trading Company Limited*), a company established in the PRC and is wholly owned by Mr. Zhang Xin. Its principal activity is trading business
“Xin Ding Da Annual Cap”	the maximum aggregate annual value (excluding value added tax and import tax, if applicable) in respect of the transactions contemplated under the Xin Ding Da Framework Agreement
“Xin Ding Da Framework Agreement”	a framework agreement dated 2 December 2014 and entered into between Jinxi Limited and Xin Ding Da in respect of the purchase of iron powder and coke and related products by Jinxi Limited and/or its subsidiaries from Xin Ding Da and/or its subsidiaries for a term of three years commencing from 1 January 2014 to 31 December 2016

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

Hong Kong, 19 March 2015

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*