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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 BETWEEN THE COMPANY AND ORIENTAL SHEET PILING

TRANSACTIONS BETWEEN THE COMPANY AND ORIENTAL SHEET PILING

During the period from February 2014 to May 2014, the Company sold certain quantities of the Steel Products to Oriental Sheet Piling and its subsidiaries on normal commercial terms for an aggregate consideration of approximately RMB13,500,000.

Oriental Sheet Piling is a subsidiary of ArcelorMittal which indirectly holds the entire equity interest of ArcelorMittal Holdings AG, a substantial shareholder of the Company. Therefore, Oriental Sheet Piling is a connected person of the Company and the Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the Transactions is more than 0.1% but less than 5%, the Transactions are only subject to reporting, announcement and annual review requirements and are exempt from the independent Shareholders' approval requirements pursuant to Rule 14A.34 of the Listing Rules. The Company should have complied with the requirements of Chapter 14A of the Listing Rules including by publishing an announcement in respect of the Transactions in February 2014 when the transaction sum reached approximately RMB3,800,000. Since the aforesaid transaction sum only accounted for approximately 0.01% of the total revenue of the Group for the year ended 31 December 2013, the omission by the Company to comply with the announcement requirements to make timely disclosure under Chapter 14A of the Listing Rules by publishing the announcement at the material time was due to an inadvertent oversight by the Company.

CONTINUING CONNECTED TRANSACTIONS UNDER THE FRAMEWORK AGREEMENT

The Board hereby announces that on 4 June 2014, the Company entered into the Framework Agreement with Oriental Sheet Piling in respect of the supply of the Steel Products by the Company and/or its subsidiaries to Oriental Sheet Piling and/or its subsidiaries for a term of three years commencing on 1 January 2014 and expiring on 31 December 2016.

It is expected that the proposed Annual Cap for the continuing connected transactions contemplated under the Framework Agreement for the three years ending 31 December 2014, 2015 and 2016 will not exceed RMB120,000,000, RMB120,000,000 and RMB120,000,000 respectively.

The proposed Annual Cap has been determined after taking into account of (i) the historical transaction figures in respect of the Transactions; (ii) the estimated demand of the Steel Products by Oriental Sheet Piling and/or its subsidiaries; (iii) the estimated production capacity of the Steel Products of the Group; (iv) the prevailing market price of the Steel Products and (v) the anticipated market price of the related raw materials during the term of the Framework Agreement.

Given Oriental Sheet Piling is a connected person of the Company, the transactions contemplated under the Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) (other than profit ratio) in respect of the proposed Annual Cap under the Framework Agreement is on an annual basis more than 0.1% but less than 5%, the continuing connected transactions contemplated thereunder are only subject to the reporting, announcement and annual review requirements and are exempted from the independent Shareholders' approval requirements pursuant to Rule 14A.34 of the Listing Rules.

The Directors (including the Independent Non-executive Directors) are of the view that the Transactions and the continuing connected transactions contemplated under the Framework Agreement are entered into in the ordinary and usual course of business of the Group and have been negotiated on an arm's length basis between the Company and Oriental Sheet Piling, and the terms thereof are on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders as a whole.

As Mr. Vijay Kumar BHATNAGAR owns equity interests in ArcelorMittal, he has abstained from voting on the respective board resolutions approving the Transactions and the Framework Agreement and the transactions contemplated thereunder. Other than Mr. Vijay Kumar BHATNAGAR, none of the Directors has a material interest in the Transactions and the continuing connected transactions contemplated under the Framework Agreement. Therefore, apart from Mr. Vijay Kumar BHATNAGAR, none of the Directors has abstained from voting on the respective board resolutions approving the Transactions and the Framework Agreement and the transactions contemplated thereunder.

TRANSACTIONS BETWEEN THE COMPANY AND ORIENTAL SHEET PILING

During the period from February 2014 to May 2014, the Company sold certain quantities of certain steel products (the “**Steel Products**”) to Oriental Sheet Piling and its subsidiaries on normal commercial terms for an aggregate consideration of approximately RMB13,500,000 (the “**Transactions**”). The consideration thereof was arrived at arm’s length negotiation between the Company and Oriental Sheet Piling and its subsidiaries, having taken into account the then market price for sale of the steel products similar to the Steel Products.

CONTINUING CONNECTED TRANSACTIONS UNDER THE FRAMEWORK AGREEMENT

The Board hereby announces that on 4 June 2014, the Company entered into the Framework Agreement with Oriental Sheet Piling in respect of the supply of the Steel Products by the Company to Oriental Sheet Piling and/or its subsidiaries for a term of three years commencing on 1 January 2014 and expiring on 31 December 2016.

It is expected that the proposed Annual Cap for the continuing connected transactions contemplated under the Framework Agreement for the three years ending 31 December 2014, 2015 and 2016 will not exceed RMB120,000,000, RMB120,000,000 and RMB120,000,000 respectively.

Principal Terms of the Framework Agreement

Date

4 June 2014

Parties

- (i) Oriental Sheet Piling and/or its subsidiaries as the buyer; and
- (ii) the Company and/or its subsidiaries as the seller

Subject Matter

The Company and/or its subsidiaries will sell to Oriental Sheet Piling and/or its subsidiaries and Oriental Sheet Piling and/or its subsidiaries will purchase from the Company and/or its subsidiaries certain quantities of the Steel Products.

Term

Commencing on 1 January 2014 and expiring on 31 December 2016

Pricing Method

The Steel Products will be sold to Oriental Sheet Piling and/or its subsidiaries by the Group at prices no less than the prevailing market prices or the prices to other independent third party customers (with comparable quality and condition).

Proposed Annual Cap

It is expected that the proposed Annual Cap for the continuing connected transactions contemplated under the Framework Agreement for the three years ending 31 December 2014, 2015 and 2016 will not exceed the amounts respectively set out below:

For the year ending 31 December	RMB
2014	120,000,000
2015	120,000,000
2016	120,000,000

In determining the proposed Annual Cap for the year ending 31 December 2014, the aggregate sum of the consideration of the Transactions have also been taken into account.

The proposed Annual Cap has been determined after taking into account of (i) the historical transaction figures in respect of the Transactions; (ii) the estimated demand of the Steel Products by Oriental Sheet Piling and/or its subsidiaries; (iii) the estimated production capacity of the Steel Products of the Group; (iv) the prevailing market price of the Steel Products and (v) the anticipated market price of the related raw materials during the term of the Framework Agreement.

REASONS AND BENEFITS FOR ENTERING INTO THE TRANSACTIONS AND THE CONTINUING CONNECTED TRANSACTIONS UNDER THE FRAMEWORK AGREEMENT

The supply of the Steel Products to Oriental Sheet Piling and/or its subsidiaries will generally expand the sale revenues and increase the sale proceeds of the Group. The unit price of the Steel Products is determined with reference to the then and the prevailing market prices (as the case may be) of comparable products at the relevant time. The Steel Products were and will be sold to Oriental Sheet Piling and/or its subsidiaries at prices no less than such market prices or the prices to other independent third party customers (with comparable quality and conditions) by the Group.

In the light of the aforesaid, the Directors (including the Independent Non-executive Directors) are of the view that the Transactions and the continuing connected transactions contemplated under the Framework Agreement are entered into in the ordinary and usual course of business of the Group and have been negotiated on an arm's length basis between the Company and Oriental Sheet Piling, and the terms thereof are on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders as a whole.

INFORMATION OF THE COMPANY AND THE GROUP

The Company is a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange. The Company is principally engaged in the trading of steel products and investment holding. The Group is principally engaged in the manufacturing and sales of iron and steel products and real estate business.

INFORMATION OF ORIENTAL SHEET PILING

Oriental Sheet Piling is a company incorporated in Malaysia with limited liability and is principally engaged in the processing, distribution and trading of finished steel products.

Oriental Sheet Piling is a subsidiary of ArcelorMittal which indirectly holds the entire equity interest of ArcelorMittal Holdings AG, a substantial shareholder of the Company. Therefore, Oriental Sheet Piling is a connected person of the Company and the Transactions and the transactions contemplated under the Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules respectively.

LISTING RULES' IMPLICATIONS

Given Oriental Sheet Piling and its ultimate beneficial owner(s) are connected persons of the Company, the Transactions and the transactions contemplated under the Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules respectively.

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the Transactions is more than 0.1% but less than 5%, the Transactions are only subject to reporting, announcement and annual review requirements and are exempt from the independent Shareholders' approval requirements pursuant to Rule 14A.34 of the Listing Rules. The Company should have complied with the requirements of Chapter 14A of the Listing Rules including by publishing an announcement in respect of the Transactions in February 2014 when the transaction sum reached approximately RMB3,800,000. Since the aforesaid transaction sum only accounted for approximately 0.01% of the total revenue of the Group for the year ended 31 December 2013, the omission by the Company to comply with the announcement requirements to make timely disclosure under Chapter 14A of the Listing Rules by publishing the announcement at the material time was due to an inadvertent oversight by the Company.

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) (other than profit ratio) in respect of the proposed Annual Cap under the Framework Agreement is on an annual basis more than 0.1% but less than 5%, the continuing connected transactions contemplated thereunder are only subject to the reporting, announcement and annual review requirements and are exempted from the independent Shareholders' approval requirements pursuant to Rule 14A.34 of the Listing Rules.

As Mr. Vijay Kumar BHATNAGAR owns equity interests in ArcelorMittal, he has abstained from voting on the respective board resolutions approving the Transactions and the Framework Agreement and the transactions contemplated thereunder. Other than Mr. Vijay Kumar BHATNAGAR, none of the Directors has a material interest in the Transactions and the continuing connected transactions contemplated under the Framework Agreement. Therefore, apart from Mr. Vijay Kumar BHATNAGAR, none of the Directors has abstained from voting on the respective board resolutions approving the Transactions and the Framework Agreement and the transactions contemplated thereunder.

DEFINITIONS

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

“Annual Cap”	the maximum aggregate annual value (excluding value added tax and import duty, if applicable) of the continuing connected transactions contemplated under the Framework Agreement made between the Company and Oriental Sheet Piling in respect of the supply of certain steel products
“ArcelorMittal”	a company incorporated under the laws of Luxembourg with limited liability and indirectly holding the entire equity interest in ArcelorMittal Holdings AG
“ArcelorMittal Holdings AG”	a company incorporated in Switzerland with limited liability and holding approximately 29.60% of the issued share capital of the Company, and therefore is a substantial shareholders of the Company
“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)”	the director(s) of the Company
“Framework Agreement”	the framework agreement dated 4 June 2014 entered into between the Company and Oriental Sheet Piling in respect of the supply of certain steel products by the Company to Oriental Sheet Piling

“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Oriental Sheet Piling”	Oriental Sheet Piling Sdn. Bhd., a company incorporated in Malaysia with limited liability and a subsidiary of ArcelorMittal
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.1 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, 4 June 2014

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. Vijay Kumar BHATNAGAR 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*